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# West Europe Report

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3 October 1984

## WEST EUROPE REPORT

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## SURVEY SHOWS YOUTH LOSING FAITH IN POLITICIANS

Zurich DIE WELTWOCHE in German 30 Aug 84 p 5

/Article by Inge Santner: "Card-Carrying Party Members Are Disgusted With Politics"/

/Text/ Any lingering doubts have been put to rest. By now the Austrian politicians of all stripes know what young people think of them: the very worst.

For this certainty they can thank the renowned Fessel Opinion Research Institute of Vienna. The Institute recently repeated a 1980 opinion poll of 1,000 15 to 24-year old Austrians under identical conditions. The results show to what extent the somewhat tarnished reputation of politicians has further deteriorated during the last 4 years.

Sixty percent of the people in their teens and twenties (compared with only 32 percent in 1980) consider their politicians "corrupt and venal." Eighty-eight percent (74 percent in 1980) think that they "lie frequently." Seventy-two percent (1980: 58 percent) are of the opinion that their officials "are out for themselves."

The cross-check was just as impressive. To the question whether Austrian politicians "do a reasonably good job, all things considered," only 38 percent of those interviewed replied in the affirmative (in 1980, 75 percent did!).

"Sad results like these require no comment," says opinion pollster Fritz Plasser of the opposition Volkspartei /People's Party/.

Not so. Austria seems about to become a strange sort of member of the Western democracies--one might even say, a unique one. Its paradoxical specialty is a society of card-carrying party members who are largely disinterested in politics.

Hardly anywhere else in the so-called free world do political parties appear as impressive--on paper. More than 1.5 million Austrians belong to the SPOe /Socialist Party of Austria/, OeVP /Austrian People's Party/

or the FPÖe /Austrian Liberal Party/--about 32 percent of all those entitled to vote. Almost one out of every three Austrians is a party member of some sort. In Switzerland the ratio is 1 in 24: in the FRG 1 in 31.

True, this exemplary state of organization has always been irrelevant to proving the popularity of the political groups. An Austrian does not necessarily become a party member because of ideological consensus. He is frequently forced into it by opportunistic or even survival motives. The majority of good jobs in the administration, in education, in nationalized industries, in various banks and even in the federal railroads are a priori tied to rightwing or leftwing party membership.

Nor could the great number of party members ever serve as an indication of great popularity of the class of officialdom. Both in the beer hall and at the office, Austrians have always shown a hearty dislike for "those up there," who are said to make a good living at the expense of the general public.

"He who complains, buys"

However, during the almost 40 years of the Second Republic, two high elected officials managed to escape criticism--International Treaty signatory and Chancellor Julius Raab and present Federal President Rudolf Kirchschlaeger. All others were subjected to serving as scratching posts for the soul of their people. The reason for this is primarily that politics in Austria is highly personalized: there is no great interest in any issues, no matter how important they might be. There is interest however in the personalities involved--the makes of their cars, their neckties and their pet dogs. A typical example: all of Austria argued for years over whether or not Finance Minister Hannes Androsch had 60 suits in his closet, tailored to measure by the "in" tailor Knize. Whether or not he was a good finance minister generated less interest.

In any case, the time-honored principle "Gripers are Buyers" was in effect. Usually the most controversial politicians were the ones who got elected, principally for their entertainment value.

But now, for the first time, Austrians are getting tired of griping and still buying. There is disenchantment with the government and those in power. There is contempt not only for the parties and the party officials--increasingly, there is contempt for the entire political system. In the most recent polls, 56.9 percent of those interviewed declared that politics held little or no interest for them. During the memorial year 1984 of all times when Austrian officials strain at overcoming the memory of the First Republic, including the 1934 civil war year, young people no longer have any use for the Second Republic.

There are many obvious reasons for this. The legacy passed on by Bruno Kreisky to his successor Fred Sinowatz after 13 years in power is not in very good shape. The SPOe, having been in the saddle for a long time, has become fat and corrupt; the OeVP is unattractive because of its long-term impotence. Illegal use of funds by the parties, tax manipulations as in the Androsch case, and bribery, as in the construction of the General Hospital, hardly trigger surprise or outrage any more. People consider those things to be the tip of an iceberg of corruption.

The young people have been skeptical to their own role in government and society: skeptical toward the old economic ideas and the systems of the social order. They no longer trust anyone. They find themselves in confrontation with labor union officials who draw enormous salaries for representing the little man. They are sick of the matted tangle of labor unions, panels and other bureaucratic bodies. Wherever they look they find cynicism, hypocrisy, egotism. True democracy, human warmth, sensitivity and imagination are nowhere to be found as political categories.

#### "Serve as a Good Example"

All those in responsible positions are fully aware of the fact that something must be done. Federal Chancellor Sinowatz emphatically reminds his comrades of the 1978 socialist party platform which firmly prescribed that no SPOe official must derive personal benefit from his position. OeVP chief Alois Mock asks for a "new patriotism," since "we politicians must set a good example for the young people."

Will all this do any good? In the past, noncommittal moral appeals for morality of this nature have always been doomed to failure: rather than bridging the gap between party theory and party practice, they managed to widen it.

9273

CSO: 3620/437



## SKDL'S CHAIRMAN KIVISTO: CP INTERNAL FIGHT CAUSING SETBACKS

Helsinki HELSINGIN SANOMAT in Finnish 4 Sep 84 p 8

[Article: "Finnish People's Democratic League Paying for Finnish Communist Party's Disputes"]

[Text] The division of election alliances in the SKDL [Finnish People's Democratic League] into majority and Taistoite [Stalinist] factions in 12 municipalities is in the opinion of SKDL Chairman Kalevi Kivisto a direct consequence of last spring's events in the Communist Party's congress.

At the congress the minority pulled out of the SKP [Finnish Communist Party] leadership, and the dissolution of election alliances is a means to demonstrate this, stated Kivisto in assessing the movement's election situation after the submission of candidate lists.

In Kivisto's opinion, what has happened means that in the elections the SKDL will have to carry the problems which were caused by the SKP and which only the SKP itself can resolve.

Since last spring it is, in fact, surprising in Kivisto's opinion that there have not been more election difficulties in the SKDL. "There are more than 450 municipalities in the country and there are problems in only 12. This is a rather small number of municipalities even though these municipalities are large."

Kivisto considers the final result to be surprisingly good even in the sense that the minority leadership in Uusimaa, in particular, has promoted separate campaign appearances.

The SKDL's chairman emphasizes that there will only be joint SKDL lists everywhere in the municipal elections on 21 and 22 October since the SKDL has given each municipality only one authorized list. There is talk of a Communist list in the Taistoites' lists.

The SKDL's election alliances dissolved into two factions in Uusimaa in six municipalities or in Helsinki, Espoo, Vantaa, Tuusula, Nurmijarvi, and Hyvinkaa.

Elsewhere in the country the SKDL's lists were divided into two lists in Ylojarvi, Riihimaki, Hollola, Laitila, Vaasa, and Tornio. In the SKDL's majority

it was noted that, for example, in the Turku area the election alliance was dissolved only in Laitila even though the SKP's Turku District is in addition to Uusimaa under the control of the Taistoite minority's strictest wing.

Even in Laitila the division of the list was according to the accounts more the consequence of local personality conflicts than a deep party conflict.

The SKDL's election alliance was also dissolved in Kajaani when the Taistoites and certain SKP third-liners retracted their candidacies at the last minute.

10576

CSO: 3617/219

JAKOBSON: FOREIGN POLICY MORE INSTITUTIONALIZED UNDER KOIVISTO

Helsinki HELSINGIN SANOMAT in Finnish 3 Sep 84 p 10

[Article: "Max Jakobson: Foreign Policy No Longer Dependent on President"]

[Text] Finland's foreign policy and particularly the management of relations with the Soviet Union are no longer dependent on the president to the same degree that they were during Urho Kekkonen's terms in office. This was the assessment made by Managing Director Max Jakobson of EVA [Commission on Commerce and Industry] in an interview given to KESKISUOMALAINEN, which is published in Jyvaskyla.

According to Jakobson, relations between Finland and the Soviet Union have become clarified and foreign policy in Finland as well as in the Soviet Union has become institutionalized.

"Certain friction-causing factors and suspicions on both sides" have also been eliminated from Finnish and Soviet relations. Foreign policy limits in the formation of a government, for example, are not a factor to the same degree as before, says Jakobson.

#### Ustinov's Initiative

An "especially critical situation" came about in Finnish and Soviet relations in 1978 according to Jakobson when Soviet Defense Minister Dmitriy Ustinov proposed joint military exercises to President Kekkonen during a visit to Finland.

In his interview Jakobson describes that situation and the development of relations as follows:

"In the last half of the 1960's it became apparent that the Soviet Union was trying to place a new emphasis on relations between Finland and the Soviet Union. This aspiration reached its climax in the rather critical situation that was created by Soviet Defense Minister Ustinov's proposal to President Kekkonen in 1978 for joint military exercises.

The Soviet Union tried to bring Finland into an even closer relationship with its system of alliances.

"Since that time there has been a clarification. Since Ustinov's visit the Soviet Union has not presented anything that would be difficult for Finland.

"Relations with the East have developed into a system, a kind of network, which includes the most varied individuals and institutions. They are no longer dependent on Mauno Koivisto to same degree as they were on Kekkonen.

"The president's personal relations no longer have the same significance as they had during Kekkonen's term as president. This in my opinion is a positive phenomenon even though at times it is presented as a negative development."

#### Koivisto Has No Problems

Jakobson points out in his interview that previously relations with the East were personified in Kekkonen and in a crisis situation he was of great importance. "But perhaps situations will no longer be repeated in the same way since foreign policy is no longer personified in Koivisto in the same manner."

Jakobson adds that we do not really know what would be Koivisto's method of operation in a crisis situation. "Finland's position has now been exceptionally stable and Koivisto has had no foreign policy problems."

Jakobson will soon leave his post as managing director of EVA and will concentrate on writing. "I have an idea for a book, which is not a continuation to my two previous books. I intend to begin working on it now. However, I do not want to say anything more about it at this time."

10576

CSO: 3617/218



## ND, PASOK CRITICIZE BOUTOS' COOPERATION PROPOSAL

Athens ENA in Greek 30 Aug 84 p 16

[Text] In the interview he gave the VIMA which was published on the 10th of August Yannis Boutos made some remarks which were viewed by some as being particularly daring. He acknowledged, for instance, that: "The nation's problems have reached such dimensions that the ability to solve them is beyond the capacity of one single party. Whether we like it or not an inter-party policy will have to be evolved in order to deal with critical problems."

During the same interview the deputy from Messinia, who is also a euro-deputy, openly declared himself in favor of simple proportion, doubted the efficiency of self-sufficient governments which destroy what the preceding ones achieved while admitting simultaneously, differing totally in this from all other New Democracy politicians, that neither Marxism nor the PASOK is some kind of "bogeyman." While Marxism "is a useful tool for scientific thinking," the PASOK achieved "progress in some social issues" which should not be reversed by a succeeding ND government.

Yannis Boutos identified as common ground for communication between parties: "public administration, universities, the economy and foreign policy."

This stance of the New Democratic politician was strongly criticized within the party.

However, Yannis Boutos' views did not elicit a favorable response either from the other side to which he addressed himself, that is from the PASOK.

In an article in the 19 August VIMA, the premier's adviser A. Stratis, who is also the mouthpiece for his political line, first admitted that Boutos' ideas are "brilliant" but went on to characterize them as a "ruse," and proceeded to reject them.

According to A. Stratis the "ruse" lies in the fact that Y. Boutos, by turning criticism in the direction of the PASOK - "it is not a bogeyman," - aims at erasing the ND's image as a "rightist bogeyman," "the fearsome Right," and presenting it as "so benevolent as to even promote cooperation with the government." According to A. Stratis, Y. Boutos' intention is to attract a limited number of PASOK voters who, lacking political awareness, assess the outcome of the electoral process only in a general way.

But what drew the most criticisms and comments was the accusation that Y. Boutos excludes the KKE from this inter-party cooperation because he believes, if only inwardly, that: "This party is beyond the pale of national borders."

The amazing thing about those claims A. Stratis makes is not, of course, the exclusion of the KKE by Mr. Y. Boutos. It is the fact that the premier's adviser denounces what he himself supported barely 2 weeks ago after the 17 June elections. At the time, in an article in the VIMA, he had excluded any probability of a participation by the Left in government.

The matter becomes even more interesting because meanwhile the premier, speaking to journalists in the Zappeion, did not exclude cooperation with other parties and personalities.

What happened in the meantime? Did the premier change his mind or just the premier's adviser? Or does the government use the Left to fend off the Right and vice versa?

12278

CSO: 3521/348

## FACTIONS REPORTEDLY DRAWN IN PASOK ON POLICY COURSE

Athens ENA in Greek 30 Aug 84 p 10

[Text] The ministers who are directly concerned and leading officials of the PASOK are trying to find out from articles in the Press and from the guarded comments of the entourage of the president of the Chamber of Deputies (since the premier's entourage denies any knowledge) "what took place in Kerkyra," where as is known the premier spent his vacation accompanied by President of the Chamber of Deputies Yannis Alevras.

Answers to that question fall into 3 possible categories:

. The premier and the president of the Chamber of Deputies discussed mainly "technical" topics related to political developments (e.g. the electoral law system).

.Y. Alevras "advised" the premier on the "entire subject" (election timing, electoral system etc.) but they also discussed the policy the PASOK should follow ( a turn to the Center).

. The meeting of the two chiefs (of State and of the Chamber of Deputies) was nothing more than " a few days of relaxed vacation for 2 old friends."

It is this last version that members of the EG [Executive Office] attempt to accredit among party administrators and other high officials of the movement, emphasizing that: " Last year also the same things were being rumored after the vacation Papandreou and Alevras took together and yet nothing was confirmed." And in this way they are attempting to play down to a minimum whatever increased influence Y. Alevras might have within the party.

On the contrary, the entourage of the president of the Chamber of Deputies - indirectly but clearly - declares that Y. Alevras unofficially shoulders "wider functions" and they note that "everything was discussed in Kerkyra." But the entourage of the president of the Chamber of Deputies finds itself unable even to allude to the premier's final conclusions regarding pending political developments.

This fact confirms the rumor that the premier has not even reached any initial decision about the elections, the electoral law and the reshuffling. Those issues are directly connected to each other but also to the issue of the election of the President of the Republic.

Thus Mr. A. Papandreou, before the meeting he is to have in the next few days with K. Karamanlis, is not even able to reach a decision concerning the policy that his government should follow.

On the other hand, leading members of the government and of the PASOK attempt to influence the premier's views, something which is particularly difficult, however, under the actual circumstances.

And that because such efforts are made "covertly" and with great caution. Almost none of the government and PASOK high officials mention publicly and categorically their thoughts and views on political developments. The entourage of each one offers some thoughts and opinions but never as being those of the corresponding official and this in such a way that if those views are rejected by the premier the official's "stock" will not appear to be "falling."

Thus, according to corroborating information, A. Tsokhatzopoulos' entourage notes that an early electoral confrontation would be desirable as it would solve in any case the question "of the election of the President of the Republic" for the PASOK.

On the contrary, Mr. Laliotis appears to be in favor of going to the booths in October of 1985 and of overwhelming votes for Karamanlis because "any other solution today is unprecedented leftism."

The mouths of Messrs. G. Genimatas and K. Simitis remain hermetically sealed, despite the fact that they appear to support the Papanastasiou electoral system (200 deputies in accordance with the system of direct proportion and another 100 to be distributed between the 2 parties,) a view which seems to be shared by the chairman of the Committee For The Study of Euro-Election Results, Mr. P. Avgerinos, after evaluating the results of the euro-election.

On the other hand, at a government level, the minister to the premier, Apostolos Lazaris, seems to share on the whole Alevras' views regarding a turn to the center but to favor October 1985 as the election date (and, of course, the re-election of Karamanlis). The minister of the national economy G. Arsenis is against announcing elections in the first months of 1985. The PASOK officials attempt to push their views as far as the premier's office but they also want to be ready to act along the lines of the premier's decisions.

And it appears that the premier will decide on his own about future developments since almost no one on his staff wishes to take direct responsibility for any sort of suggestion for fear it might be rejected.

12278

CSO: 3521/348



## CULTURAL EXCHANGES REPORTEDLY POLITICALLY SKEWED

Athens POLITIKA THEMATA in Greek 7-13 Sep 84 pp 42-43

[Article by Pavlos Khatzithomas: "How Red is Green? Our International Cultural Relations"]

[Excerpts] Cultural relations and educational exchanges faithfully mirror each government's intentions, perhaps because more naivete is permissible in this field, and surely because the erosive efficiency of "culture" that is able to psychologically prepare the people to accept later political initiatives is well known. From this particular point of view, the PASOK has followed the recipe to the letter of the law. There is no nation, be it communist, pro-communist or para-communist, that has not been honored by Greece with a cultural agreement! However, special preference has been given to the countries of "real socialism." Here are some data that will shed light on the subject: Hungary seems especially to "move" the PASOK: we spent 2 million drachmas for the ARTS OF SZENTENDRE show [English in original text] and 2 million more to invite the CHOIR OF DEBRECEN [English in original text]. At this year's Athens Festival, the Gyor /transliterated from Greek] Ballet cost us 11 million for four shows! The same ballet had been paid in pre-PASOK times 785,000 drachmas for five shows. Last July, the building of the general press secretariat was the scene for a Hungarian book fair (translations of ancient classical texts), and also for a collection of 160 works on the life of the Magyar. At about that time, the government announced its intention to open a cultural center in Budapest, while a bit later Piraeus welcomed the Raiko [transliterated from Greek] Ballet. Finally, Deputy Minister Laliotis--who did not want to miss this opportunity--signed a cooperation protocol with the National Youth Committee involving compulsory programs for Greek and Hungarian youth, for work methods, for developing leisure activities for young people, etc. May God help us!

This summer: The Sofia Philharmonic Orchestra and the Bulgarian National Choir participated in the Irakleion Festival in Crete. At Petroupolis of Attiki people were able to see the Sofia Opera ballet, which also appeared in Nea Smyrni, Patra and Agrinio. A Bulgarian dancer was invited to Spetses to teach dancing (hopefully) to 45 Green students. Last July, the National Museum presented paintings by both Romanian and East German artists. The Soviet Zok [transliterated from Greek] Ballet was seen at the Petra theater, while in August part of the Bolshoi Ballet appeared at the Irakleion Festival. Finally,

so that Albania would not be ignored, an Albanian dance group appeared at the Athens Festival. It should be noted that this list is only partial, and that many more artists and groups from communist countries appeared in Greece.

And let us mention the so-called "educational delegations" for "cultural updating." A total of 24 delegations of scientists or artists left Greece in 1983: 16 of them went to the Soviet Union, Bulgaria, Hungary, Romania and Poland! Only 8 went to other parts of the world. This is the apotheosis of the multidimensional policy!

CSO: 3521/356

## DEEPER MOTIVES SEEN IN PAPANDREOU-MITSOTAKIS ENMITY

Athens POLITIKA THEMATA in Greek 7-13 Sep 84

[Article by N. Delipetros: "As I See It"]

[Excerpt] They say that at the Salonica Fair, Andreas exposed his personality and revealed himself. If those who are saying that are referring to Andreas' psyche, they may be right. But it is still difficult for me to believe that the image of himself that Andreas projected in Salonica represents his entire "psychological being"; I would say that it is hidden with care and with ultimate goals in mind.

Andreas is usually not so mean and envious. He is a good and affectionate father. And I have heard it said that he can be a good friend to some.

But why does he get so angry with Mitsotakis? Why, at the mere mention of his name, do all those terrible things we saw in Salonica escape from his soul, all these things that he normally keeps buried deep down within himself?

I believe that political analysis is not adequate to explain the phenomenon. It is a different kind of analysis that must be used.

Perhaps the following information may be of assistance to analysts:

Kostas Mitsotakis subceeded in achieving something that always eluded Andreas. He succeeded in winning Georgios Papandreou's admiration.

"Whenever Kostas enters the Chamber of Deputies, leadership pervades the halls," Georgios Pandreou used to say.

It is a shame that Andreas, a man of great intellect, suffers from this psychological defect: he sees red whenever he hears or sees Mitsotakis.

However, I believe that what we heard and saw in Salonica, no matter how horrible, no matter how terrible, was also very useful. I believe that after this explosion that relieved him, Andreas will calm down, and so will we, for some time to come.

And it should be noted that whenever Andreas is calm, he can think and judge. Nevertheless, passion sometimes overcomes his thinking and his judgment. This, I believe, is what took place in Salonica.

## ND'S MITSOTAKIS, STEFANOPOULOS: BIOGRAPHY, BACKGROUND

Athens ELEVTHERTYPIA in Greek 1 Sep 84 p 6

[Text] Constantine Mitsotakis who is 66 now prepared himself methodically and in advance for politics, showing rare coolness, characterized by many as apathy and frigidity, and he also had a particularly significant political heritage. His grandmother was the sister of Eleftherios Venizelos and his grandfather, Kostis Mitsotakis, was a fighter in the Cretan Rebellion and the founder of the Liberal Party while his father was one of the Therissos rebels.

Many claim that Mitsotakis could have become much earlier the leader of a centrist party had he avoided grave mistakes which cut him off from the faction in which he evolved. The "expansion" of the Right led him to the New Democracy where circumstances, but also his aptitudes, soon helped him to find himself in top positions and to claim today the leadership of the party. His rivals within the party accuse him of having associated himself with the most conservative elements of the "traditional Right," and of rejecting any "centrist participation," as the KATHIMERINI wrote yesterday.

#### During the Occupation

Constantine Mitsotakis, who is called by his devoted friends "Kostas" or "The Tall One" was born in Khania in 1918, where he graduated from High School with honors. He then studied law at the University of Athens. At the time of the Greek-Italian war he was a second lieutenant. After the collapse of the front he returned to Crete where he enrolled in the "National Organization of Crete" (E.O.K.) resistance movement.

At the beginning of 1944 he is arrested by the Germans and condemned to death. On 25 March 1944 he is pardoned and set free. The moment of his release is recorded in a picture which we find among his pre-electoral biographical documents, which bears the legend: "25 March 1944. The 'Greek' governor general of Crete announces the revoking of death sentences and shouts 'Heil Hitler.' Mitsotakis refuses to salute." A few months later, in October of 1944, he is arrested again and incarcerated in the Aghia prison and sentenced again to death. His liberation will be obtained through an exchange of 30 German military personnel for 10 Greeks, Mitsotakis being one of them and some time later he will take part in the negotiations for the surrender of the Germans in Crete.



## Into Politics

After the liberation he becomes active in politics. His first step is to publish again Eleftherios Venizelos' newspaper, the Krania KIRYX (which is still being published). During the 1946 elections he campaigns with the Venizelos' followers' Liberal Party and he is elected a deputy at the age of 28.

In the 1950 and 1951 elections he is elected again within the Liberal Party and he becomes successively deputy minister of finance and minister of public works and transportation. He is also elected in the subsequent campaigns of 1952, 1956 and 1958 (as a member of the Liberal Party). In 1958 he dissents at the party congress, severs his connection and aligns himself with the New Political Faction whose representative in Parliament is George Athanasiadis-Novas.

Soon, together with others, he moves toward founding the Union of the Center, whose leader is chosen to be George Papandreou. Under the banner of the Union of the Center Mitsotakis is elected deputy in 1961, 1963 and 1964.

Under the governments of G. Papandreou he was in charge of the ministry of finance, keeping in touch with a group of deputy friends, that same group which would be accused of the "apostasy of 1965."

Mr. Mitsotakis' views regarding those dramatic events can be found in his pre-election biographical documents: "The premier might have disagreed with the regulator of the regime. But this did not also mean that the majority party which had been entrusted by the people with the mission of governing had to go. It would simply have designated another premier. Thus when Mr. G. Papandreou tendered his resignation, Mr. Mitsotakis stayed on and lent his support to the efforts to form a government from the forces of the Center."

## During the Dictatorship

On 21 April 1967 Mitsotakis is arrested along with the other politicians and is detained for a while before he is released. His rivals recall that he signed a declaration stating that he would have nothing to do with politics. Which he did not do because he escaped abroad where he was very active and kept regularly in touch with Constantine Karamanlis in Paris.

He returned to Greece in 1973, when martial law was lifted, he was arrested by the Ioannidis regime and was freed after the political change.

In the elections of 1974 he was left out in the cold politically and he did not campaign. In the 1977 elections he founded the Party of the Neo Liberals and was elected deputy from Krania.

On 10 May 1978 he goes on to the New Democracy and takes charge of the ministry of coordination and later of the ministry of foreign affairs.

Mr. Mitsotakis is married to Maria Yanoukou and has 3 daughters and 1 son:

Dora, who is P. Bakoyannis' wife and is also his private secretary, Alexandra, who is Pascal Gourdin's wife and is established in Paris, Catherine, who is

married to the lawyer Spyros Dimitriadis, and Kyriakos who is 16 and a student at Athens College.

From his daughters he has 7 grandchildren. He speaks German, English and French.

#### His Assets

In his declaration regarding his assets, which he submitted to Parliament for 1984, Constantine stated that he owns:

-2/5 of a 25.510 square meter area in Khandia

- 1.495 square meters in Khandia

- 10.050 square meters in in Khandia

- Rural land of 323 square meters in Khandia

- 2 plots of land in the Deputies' Association area

- 1 plot of land in Sousaki

- The newspaper KIRYX whose shares, worth 18,200,000 drachmas, belong to him and his wife.

#### His wife owns:

- 1,000 square meters of land in Khandia

- A plot of land of 1,065 square meters and another one of 250 square meters with a house, in Glyfada.

- A 7-room apartment on Aravantinou street, in Athens

- 6,666 square meters of rural land in Alonissos

- 300 stremmas of grazing land in Aghia, Khandia

- A plot of land of 3,500 square meters in Khaidari

- 6.5% of 209.80 square meters of real estate on Xenokratus street, in Athens.

- 2,377 square meters of land in Kalamos

Constantine Mitsotakis also owns 3 cars and a current account of 167,311 drachmas. He also mentioned that he sold for 9,000,000 drachmas a plot of land in Erythrea. He declared revenues of 876,000 drachmas from real estate and of 2,893,311 drachmas from his deputy's compensation etc.

Constantine Stefanopoulos, now 58, belongs to the relatively younger generation of politicians but he too has political family roots, in fact in the very party to which he belongs, a point which his friends stress. However, his supporters also stress as one of his virtues the fact that at this juncture he is not only "the most genuine expression of his party's political continuity" but that he also emerges "as the representative of the most progressive tendencies" within the New Democracy.

Another significant advantage he has, publicized by his friends, is his oratorical talent which, in Parliament, showed him to be a tough and capable opponent with words. But he talks at such speed that he does not only give parliament stenographers "a hard time" but causes problems in following the often complex ideas he expounds to support his claims. He is also criticized for the inability to rid himself of the habit to express himself in the old fashioned, stilted fashion and for being unable to adapt himself to the present needs and uses of the contemporary "demotic" language.

Courteous But...

Mr. Stefanopoulos who is forceful on the floor and aggressively anti-marxist in his speeches, is courteous and calm in private conversations. His friends claim that he is conciliatory but he has no patience at all for demands or requests for favors. Even his adversaries have nothing to reproach him for except the lack of greater experience in behind the scenes political games.

On the other hand it is claimed that he benefits from a family tradition. The father of today's candidate for the leadership of the New Democracy, Dimitrios Stefanopoulos, used to be a deputy and a close collaborator of Dimitris Gounaris. He was elected 8 times as a member of the Popular Party and he was a minister under the governments of Gounaris, Kondylis, Theotokis and Const. Tsaldaris.

Con. Stefanopoulos, who was born in 1926 in Patras, because of his father intensive political activities has followed political life since he was a child. After graduating from high school, he came to Athens where he studied law and, after 1954, he began practicing law in his native city. He first tested in court his ability to impress audiences, a talent which he cultivated later in parliament.

Into Politics

Con. Stefanopoulos is elected for the first time as a deputy of the ERE [National Radical Union] with his compatriot Panayiotis Kanellopoulos as the leader.

During the dictatorship he defended in court friends of his who were accused of subversive activities.

In 1974 he is elected as member of the New Democracy and he becomes minister of foreign affairs and subsequently minister of the interior and in 1977 he takes charge of the ministry to the premier. At the same time, exercising to the full his talents as an organizer, he also gets quickly promoted within the party as secretary general of the parliamentary group and simultaneously as a member of the Administrative and Executive Committee of the party.

His supporters dwell in particular on the work he did in the ministry to the premier where he worked zealously and promoted bills for the reorganization and modernization of public administration. The fact that he openly denounced in parliament the conditions of the mechanisms of the state, even alluding to the bribing of civil servants, is ascribed to his directness.

#### In The Party

Through all his activities he gradually gained ground inside the party and emerged as one of its organizers, laying the foundations for a claim to the leadership. He was the chief organizer of the New Democracy congress in 1977, of the first 1979 congress, of the 12 regional ones as well as of the elections for the designation of administrative cadres in local and provincial committees.

After George Rallis resigned from the leadership of the New Democracy, Con. Stefanopoulos acted toward becoming the leader of the party, testing his strength. In the election that took place on 9 December 1981, with Evangelos Averof and Yannis Boutos as fellow-candidates, Stefanopoulos collected 32 votes thus achieving second place.

Con. Stefanopoulos' friends claim that after that election he did not act energetically or efficiently enough to gain ground so as to be ready for the great competition for the position of leader which Evangelos Averof was to relinquish. Others say that he acted in a measured way, without any fanfare. The fact that he has won over the progressive center-right wing of the party, which favors the climate of moderation that was cultivated by George Rallis, is also ascribed to his methodology.

#### Family

Constantine Stefanopoulos is married to Jenny Stounopoulou, the daughter of a well known Patras lawyer, by whom he has had 3 children: Dimitris, now 24, who graduated from the Physics-Mathematics division of Athens University and is now a graduate student in London; Irene, 22, who will be graduating from Law School, and Ilias who is in the 3rd year of the Athens University Law School.

Con. Stefanopoulos speaks English and French.

#### Assets

In his declaration regarding his assets which he submitted to Parliament in 1984, Con. Stefanopoulos stated that he owns:

- 1 shop of 212 square meters in Patras
- 1/2 of a shop of 21.60 square meters on Eratosthenous street, Athens
- One 2-room apartment of 46 square meters in Skiathou street, Athens
- One 2-room office of 50 square meters in Patras
- 1/4 of a 2,313 square meter field in Patras

- A 75 square meter shop in Patras
- 1/2 of a ground floor storeroom of 400 square ells
- 1/2 of 1 4-room apartment in Paleo Psykhiko of 172.98 square meters

His wife owns:

- 1/2 of 1 apartment in Paleo Psykhiko of 172.98 square meters

He has also declared 2 passenger cars, deposits of 308,000 drachmas in the National Bank and of 436,000 drachmas in the Credit Bank.

According to his declaration he derives his revenues from his deputy's compensation and from the rental of real estate.

His children, all of whom are students, have no assets.

12278

CSO: 3521/353



## EANISM CLAIMS SOCIAL DEMOCRACY IN POLITICAL SPECTRUM

## 'Maneuver' Attacked

Lisbon O DIABO in Portuguese 7 Aug 84 p 13

[Text] The launching of the Eanist party continues at an apparently accelerated pace. It will thus begin to become a movement and only after that will it turn into a party that will be running candidates in the elections. It is not known as yet when this party will get off the ground; it might start up in 1984 or in 1985 or we might have to wait for the end of the presidential term of Gen Ramalho Eanes.

But there is one thing that seems reasonably certain--and that is that the person who is moving in this direction is not doing so all by himself, nor was this just a vain attempt. In saying that he did not go into this all alone, we mean that Gen Eanes--who by the way has already admitted to this--knew about, gave the green light, stimulated, and ordered the advance. On the other hand, there will also be some candidates running in the parliamentary elections, in the wake of the presidential candidates. But people are much more inclined to think about the presidential elections than the parliamentary elections especially in view of this speed in getting the Eanist movement going.

But none of this is very strange. The strange thing is that the movement should want to take up its tactical position in a political zone which is obviously not its own. At least since 1980, the Eanist zone has been the zone of the left wing of the PS [Socialist Party], of the left-wing independents, of the fellow-travelers of the PC [Communist Party].

Gen Eanes has adopted positions which clearly benefited the Portuguese communists. The communists have been the big party support for Eanes in recent months. It follows from this reciprocal approach that it would be quite natural for Gen Eanes to head a movement that would be favorable to him and that this favorable movement would effectively be launched toward the waters of socialism and toward the waters of the left that is close to the PC.

This is the area toward which the Eanist movement should be launched. This is the area where it should be looking for votes, eating away at the PS and

giving solid support to the PC. But the ambition of the Eanists is much broader; and so is the advantage that can spring from the expression of this ambition as far as General Eanes is concerned. This is because they are now taking up position in the area of the "central bloc." They say they are social-democrats and they say that they want social democracy for Portugal.

Along with this statement, there are three convergent ideas: The first one is that they also think that it would be profitable to go fishing in the waters of the PSD [Social Democratic Party], to play a decisive role in the presidential position of the PSD.

The second idea has to do with tactical moderation--in other words, they do not want to appear as comrades linked to the Communist Party, as individuals who want to radicalize Portuguese political life on the left; they want to play the game but with moderation.

The third idea of course is more dangerous; it is that, by association, the Portuguese think that General Eanes is where he wants to be. Because if the Eanists want to work in the "central bloc," and among the social democrats, then General Eanes is who he is or who he wants to be in the future after he ceases to be president, in other words, a social democrat, a political leader within social democracy.

This is useful in fooling the voters, in confusing them and in disturbing them. It is also useful for the PC because it broadens the range of its political intervention since it has its own infiltrations in this movement which are going to penetrate into the area of the social-democratic electorate.

At the right moment, this will make it possible to play very powerful trump cards in the PSD, in the PS, in areas that are basic for the definition of the presidential candidates.

This will be a shot fired with precision. A shot which can be fatal to many a naive voter and to many party leaders who do not understand what is going on in Portugal.

#### Eanism Seen PCP Tool

Lisbon O DIABO in Portuguese 7 Aug 84 p 2

[Article By Jose Miguel Judice: "Eanism On The Road Of Social Democracy"]

[Text] The Eanist party continues, it seems, to move ahead and, to everybody's alarm, there is every indication that it will take up position as a kind of new party with a social-democratic inspiration. The alarm will be justified if we keep in mind the political practice and the alliances of the president of the republic; but it will not be logical if we recall the presidential strategy during his first term and especially the complicity between Belem and the group of unpostponables during the Mota Pinto administration.

Regardless of whether or not this is the reason for this alarm, it is certain that this process of advance by the Eanist party is to result in the fact that its possibilities of success tend to shrink while, at the same time, it will generate a series of defections of personalities who would probably be inclined to think of playing a significant role in the party.

It is a Portuguese flaw that, whenever a piece of merchandise or some establishment begins to be successful on a particular street, various other outfits will establish themselves on that same street, instead of trying to find other places where they would probably be also successful. The result is as usual: The business was good for a businessman; it will still be acceptable for two shops; but from three onward, there will not be enough customers, and what happens in retail trade also goes on in industry, in the services, and in politics. The Portuguese picked the PS and the PSD as the parties they voted for most of all. When they decide to set themselves up as a party, the Eanists are therefore going to pick the street where they think they can find the most customers. And this means, on the one hand, that they are not really getting a clear picture of the real political situation and, on the other hand, they are overlooking a much more interesting street with potential customers and with almost no competition. This article is thus a piece of free advice in the hope that what I am writing here will do some good for Belem. I have been convinced for a number of years now that the occupant of the presidential palace is not looking in the right direction.

If the Eanist party enters into competition with the PSD it will probably fail. In Portugal, social democracy is represented by Sa Carneiro and it is precisely in the areas where this memory is strongest that Ramalho Eanes is making the least impact; all public opinion surveys reveal that, along with what we can learn from our daily experience. I do not mean to say that some small opportunist might not aspire to some new type of big deal but he will always represent an isolated case. The Eanist party will have difficulty in sailing these waters without running serious risks of becoming stranded.

But the worst thing is not the "ideology" which the Eanist party will pick to begin to attract customers in a kind of neon sign. If the products displayed appear to be of good quality and if the sales clerks know how to promote the products, then nobody will care much about the neon lights. The worst thing however will be the choice of the street. It just so happens that this ever-present idea of opening a shop on a street crowded with parties does not seem to be a very smart thing to do. The Eanist party should pick an excellent avenue to settle on. That is the area of the nontotalitarian left, an area which the PS abandoned and which the PCP [Portuguese Communist Party] is having difficulty in taking over.

Here again the public opinion surveys are clear. On a scale of 1 to 9 (where 1 would be the far left and 9 would be the far right) Mario Soares, with his party behind him, would show up after 5; the PC would show up at 1 or 2; and the entire area of the moderate left would not be occupied. This is where the Eanist party should establish itself because this is where it would find an available and dissatisfied following which, by election time, would vote for the PS but which would get its revenge in the public opinion surveys (more than half of the PS voters did not vote for Mario Soares for president of the republic).

Eanism should take up its positions in the area of the left for other reasons, reasons of political coherence and honesty. Ramalho Eanes and the CNARPE

[National Committee For The Reelection of President Eanes] were forged with the active support of the Communist Party. Where did the indispensable votes come from? Who took care of campaign logistics? Who painted slogans on walls? Who put up posters, etc.? Outstanding men in the CNARPE have never come from the left; the revolutionary council members for years acted as if only the left existed in Portugal and even the most right-wing members among the Eanists (for example Magalhaes Mota) state without any pangs of conscience that without socialism there cannot be any democracy. It is clear that some technocrats without a political-ideological position will also be Eanists, but they do not amount to much beyond some organizational charts or some advice to the president.

A social-democratic Eanist party will not get the backing of men such as Henrique de Barros or Vasco da Gama Fernandes; it will not have the activist support of journalists such as Jose Carlos de Vasconcelos, they will not have the militancy of politicians such as Sa Borges, Maria de Lurdes Pintasilgo, nor will they have the support of important figures such as Vasco Lourenco, Vitor Alves, or Melo Antunes.

An Eanist party situated on the left would have political room because of the mistakes of the PS and it could even render a service to the political system to the extent that it would prevent the spread of the PC toward zones outside its minimum area. An Eanist party located almost on the right could only be useful for the PC to the extent that its area of influence and infiltration would extend toward unsuspected zones. And so it seems logical that Eanism should have been an excellent instrument for the PC; but it had hopes that some of the most outstanding Eanists would not be so. The most recent signals therefore do not point in the direction of quieting my worries. But let us continue to watch the situation calmly.

5058

CSO: 3542/111

## PRESIDENTIAL ELECTIONS GENERATE COMMENTS, HYPOTHESES

## Freitas Withdrawal, Military Candidacy

Lisbon DIARIO DE NOTICIAS in Portuguese 11 Aug 84 p 2

[Article by Dinis de Abreu: "The Withdrawal of a Candidate"]

[Excerpt] The Question of Support

In order to be a candidate with a chance, if not of winning at least of forcing a second round and obtaining a significant percentage of the votes which would give him the margin for the formation of a new political movement, Freitas do Amaral needed to have the unconditional support of the CDS [Social Democratic Center Party] and the convinced support of some sectors of the PSD [Social Democratic Party].

Difficulties began precisely at this point: At a certain time the unconditional support of the CDS political leadership became conditional. Lucas Pires and other centrist leaders loyal to him made it clear more than once that Freitas do Amaral should negotiate the support of the CDS, while they let it be seen that they had some support for the hypothesis of a military man. Moreover, nearly a year ago Lucas Pires intentionally revealed at the Press Club that he did not exclude the possibility of the CDS supporting a military man for the presidency.

This requirement for negotiation of the CDS leadership was obviously not acceptable to Freitas do Amaral, since his desires consisted specifically giving the appearance of not being linked to the CDS, although having its support, otherwise he could never seek solid support in the area of the PSD and moderate independents with political credibility. Pires was not unaware of this.

On the other hand, the chronic instability of the PSD and the fluctuations within it did not represent a guarantee that some would be willing within a still useful time to commit the Social Democratic members to a consistent support of the candidacy of Freitas do Amaral against whoever is the official candidate of the party. The move was dangerous and courage (as was also seen in the debate on the law of internal security) is not the virtue of many.



Without the unconditional support of the CDS and the prior certainty of an appreciable dissidence in the PSD, the basis for the launching of the Freitas do Amaral candidacy would not be the most attractive. It is possible that if Freitas do Amaral were to carry out his intentions, even with a beginning which has the reservations of the CDS and the hesitation of some Social Democrats, it could have a drawing effect which would encourage the most calculating. However, that possibility does not match his methodical nature.

That factor has not, however, been the only one.

It is known that Freitas do Amaral took the initiative of ordering a national poll, with a vast number of people interviewed.

He was naturally interested in knowing the feelings of the voters toward the potential competitors in the race for Belém so that on the basis of those figures he could make an evaluation of his chances and adjust the results to his strategy.

It has been said that the results of that poll, while not discouraging, do not correspond in some points to the idea that Freitas do Amaral had on the choices of the voters and in others they fell short of his desires. That lack of similarity between the theory of the candidate and the results of the sampling, despite the uncertain significance, probably did not contribute to improving the temperament of Freitas do Amaral.

#### The Firmino Miguel Hypothesis

A poll, however, is not an absolute value, and because of the profusion of this type of consultation which has recently flooded some newspapers, it can be observed how conclusions change from week to week, how the popularity of the hopefuls oscillates and how the numbers of listeners go up and down. No matter how strict the collection and systematization of the figures of the sampling given to Freitas do Amaral may have been, that survey would always represent a picture of the voters at a certain moment, coinciding, incidentally, with the prolonged absence of the potential candidate. It was, therefore, a factor of analysis, at most one calling for a correction in strategy, but never one calling for withdrawal.

However, a third factor appeared unexpectedly: The undenied availability of Gen Firmino Miguel for the candidacy.

Firmino Miguel enjoys undeniable prestige in the armed forces; he has a record of government service and has known how to be discreet and be quiet when faced with temptation. He is a man mentioned regularly and has some influence in diplomatic circles.

All this, which is a lot, would not be enough if there were not the conviction that this is the hole card of Mota Pinto, although other military men may benefit from his sympathy, such as the case of Lemos Ferreira, the present Chief of the General Staff of the Armed Forces. Moreover, Mota Pinto has not hidden, in private, his preference for a military man.

If that sympathy of Mota Pinto's were to be added to that of Lucas Pires (it is quite unlikely, on the other hand, that Adriano Moreira, for example, will decide to forward himself as a CDS candidate), who would not have any overriding reasons for denying his support to a military man, Firmino Miguel, considered a moderate, could appear as the harmonious concept that Freitas do Amaral desired after all.

It would have an additional advantage: The military institution, not being hostile to a civilian candidate, becomes even more appreciative when one of their own fills the top spot in the hierarchy of the state. A military man in Belem became a tradition and there would be no lack of someone who would want to maintain it.

Moreover, the surveys made did not even indicate in abstract an accentuated preference by the voters for a civilian. There is even a relative indifference as to whether he should be a civilian or a military man.

Another relative advantage: Eanes would not be very reluctant to support Firmino Miguel and perhaps will do so without the reservations it is said he harbors with respect to Lurdes Pintasilgo, despite the fact that he has her as an adviser and that the surveys generally consider her a serious candidate.

In view of this picture, Freitas do Amaral saw his margin for maneuvering narrow and the probabilities for a sufficiently mobilized candidacy decreased. To risk a defeat under these conditions could be an intolerable reverse, capable of postponing his political hopes for several years.

Freitas do Amaral, who at a certain time hesitates only on the "timing" for the launching of his candidacy--whether it should be before or after Summer--decided coldly to act with precipitation and withdraw from the arena. It would be worse if he had waited, allowing Mota Pinto to announce Firmino Miguel as a candidate first, for example.

It is obvious that not everything has been settled in the PSD (are there no longer any opponents to the Firmino Miguel hypothesis?) not even that Mota Pinto will be able to secure the leadership of the party for much longer. Everything still depends on the strength that the groups of Mota Amaral and Marcelo Rebelo de Sousa can show. In the CDS there persists a climate of "open warfare" (see the case of the institutes), whose results are unforeseeable.

However, everything is too fluid for convincing a man of the temperament of Freitas do Amaral to remain in camp. To the withdrawal of his candidacy is added the postponement "sine die" of a new political force he would like to lead.

It is nothing less than ironic that two civilian parties come to support a military man for the presidency and that a military president is sponsoring a new party. Meanwhile, the founders of the CDS and PSD resign themselves melancholically to a journey without end outside active political life.

Portuguese politics weave a strange fabric.

#### Pintasilgo Still Ahead

Lisbon O JORNAL in Portuguese 10 Aug 84 p 8

[Article by Jose Silva Pinto: "Pintasilgo Remains in Front Creating the Bridge Between the PS [Socialist Party] and the APU [United Peoples Alliance]"

[Text] Maria de Lurdes Pintasilgo remains on top as a presidential hopeful among the main Portuguese public figures, collecting very strong support from the left and creating the bridge between the PS and the APU.

Although registering one point less in July with respect to the "peak" of 24 percent reached the previous month, the former prime minister continues to enjoy a considerable lead over the other "natural candidates" such as Mario Soares, Freitas do Amaral and Mota Amaral.

The name of Freitas do Amaral also appears included in this survey, since the collection of these figures was made between 1 and 7 July and therefore before the withdrawal by the former leader of the CDS from a possible candidacy for Belem. The enclosed graphs, which record the relative evolution of the aforementioned presumable candidacies, show that Lurdes Pintasilgo maintains a long lead with 23 percent of voting intentions compared to 13 for Freitas do Amaral, 12 for Mario Soares and 10 for Mota Amaral.

The popularity of Pintasilgo has risen significantly since the beginning of the year, it being noteworthy that the spontaneous references to her name by those polled within the framework of the poll made by Marktest for O JORNAL, practically tripled between January and June.

Asked to indicate spontaneously a favorite for the position of president of the republic, 41 percent of those interviewed throughout the 6 months of the year did not refuse the "challenge" and stated a specific name, while 59 percent preferred not to do it.

Among those who accepted the invitation and agreed to reveal their choice, 21 percent said they opted for "a candidate who will be supported by Eanes," 19 percent said they would bet on Pintasilgo, 16 percent chose Soares and 14 percent said they favored Mota Amaral.

At a considerable distance, with only 2 percent, is Alvaro Cunhal, thus separated from the group of "natural candidates." Several other names were also mentioned spontaneously, among whom are Firmino Miguel, Mota Pinto, Melo Egidio, Garcia dos Santos, Salgado Zenha and Almeida e Costa, but none of them even reached 2 percent.

With respect to a card bearing several names, among which are those of the "natural candidates" and others such as Firmino Miguel, Salgado Zenha, Mota Pinto and Garcia dos Santos, 24 percent of those questioned declined to answer or stated that they do not know who to vote for, 15 percent said they will not vote and the remaining 61 percent agreed to answer indicating a name.

Based exclusively on the answers of those who chose one name from among those proposed, it is confirmed that Lurdes Pintasilgo obtained the favorable votes of 34 percent, Freitas do Amaral and Mario Soares tied with 19 percent, Mota Amaral obtained 16 percent, with 12 percent for "others" among whom are Firmino Miguel, Salgado Zenha, Mota Pinto and Garcia dos Santos.

Therefore, if the "big four" shown in the graph can be indicated as the most "hopeful" at this time, there still remains the unknown factor of which one of the candidates Eanes is willing to support, which by itself may be a considerable advantage.

Meanwhile, merging the voting intentions for "candidates" and the way in which the respondents actually voted in 1983, one can "guess" where the former are going to look for votes, which is shown in the chart.

Thus, it is possible to see how by garnering 8 out of every 10 votes of the APU and three out of every 10 in the PS, Lurdes Pintasilgo shows up as the "candidate" with more signed credits among "the majority of the left" (sociological not political), at the same time that the "majority of the right" (in some way expressed by the PSD-CDS duo) would give its preference to Freitas do Amaral and in a much lesser degree to Mota Amaral, who would also "fish" in the waters of the PS.

Mario Soares, in turn, appears isolated, barely supported by four out of every 10 votes of his own party and by one in every 10 votes of the PSD, with his support among the voters of the APU or the CDS being considered as insignificant.

#### "Ad Hoc," The Lame Foot

As all surveys continue to show, Maria de Lurdes Pintasilgo maintains the highest levels of theoretical hypotheses with respect to a possible journey to the Palace of Belem. Simply, in a country where traffic travels on the right, the former prime minister is able to travel on the left and on this side of the "street," sociology does not fit in with politics. Two questions arise:

1. Will the best known Portuguese woman engineer in the entire world be able to build a "bridge" between the PS and the APU which is strong and stable enough to allow her to enter the rose-colored palace of Belem?
2. Lacking an opponent who is clearly a follower of the road to the right--like Soares Carneiro in 1980--and without a CNARPE of her own [National Committee for the Reelection of President Eanes], will Lurdes Pintasilgo march with a "lame foot" because the false PS-APU minority may be her "Achilles Heel?"



## Eanes as 'Common Enemy'

Lisbon TEMPO in Portuguese 9 Aug 84 p 10

[Article by Anibal Mendonca: The Withdrawal of Freitas do Amaral and the 'Common Enemy,' Ramalho Eanes"]

[Text] A little over a year before the presidential elections and after almost 2 years of speculations of all types as to what may happen in December 1985, the Portuguese people have only one positive fact: Professor Freitas do Amaral said clearly that he will not be a candidate for Belem.

(There are those who are convinced, for example Luis Barbosa, that Freitas do Amaral is a "reserve of the nation" and that he may still be a candidate).

Different scenarios may be drawn, using Machiavellian or puerile presuppositions, but that could lead us to exhaust available space and the patience of our readers.

For August 1984, with some chance of being right, conclusions may be drawn and the most obvious scenarios may be outlined. It is already accepted as certain that Ramalho Eanes is the enemy of all the parties. This is so even though the PCP [Portuguese Communist Party] appears to be with him. Actually, the communists will never forgive Eanes for not having yet clarified the system in keeping with their interests even though they continue to stick to the president. If Eanes can still be useful, very good; if he were to be "vilely forgotten" it would also be very good for the communists since the tenant of Belem will never be a member of the PCP.

For the PS, the PSD and the CDS, Eanes is the declared enemy. Strangely, as if on the inspiration of Eanes himself, someone wrote about Sa Carneiro in 1979...

The Same to the End

General Ramalho Eanes is a humanly serious man but is indecisive politically. In our understanding, he is going to remain the same until the end of his term and afterward despite all the movements of the former CNARPE, the possible creations of new movements or parties and pressures from the civilians and military members of the 25 April Association. We believe that Eanes is lacking that spark of political daring, determination, sensibility and even adventure which separates a cautious "man in a grey suit" from a political leader. This, despite the fact that we have been assured that in recent days the president is ready to prove the contrary. We shall see.

With the knowledge and/or the support of Eanes, a candidate of the left has been "cooking" for a long time. Better still; two of them, a civilian and a military man. The figure of Maria de Lurdes Pintasilgo is as of now the "stabilizing point" with respect to the civilian, although it is admitted that Zenha could "leap ahead" at any time.



As for the military, names such as that of Loureiro dos Santos may be the most significant, although there has been talk of Garcia dos Santos and Costa Bras (the latter seems to us to be too much of a "prisoner" of Mario Soares to enter the race). Lurdes Pintasilgo, if she runs, is going to look for people in the area of the PS (former Secretariat and former CNARPE) and that of the APU (MDP/CDE [Portuguese Democratic Movement/Democratic Electoral Commissions], the so-called progressive Catholics, and so forth). However, she will need a driving force, which cannot be the PCP or its ally, and we are not about to see a new political formation capable of rallying voters in a number that will allow a decent percentage on the order of 25 or 30 percent. As far as the military is concerned, the situation could be the same or even more discouraging.

In view of this, the left, the APU, former Secretariat, the 25 April Association, all of them in general, are waiting for the others to assume a position so as to then assume theirs.

#### Consensus Solution

In the non-Marxist area of Socialism, the center-left, the center-right and the right, there is no common candidate. Mario Soares has been on the lips of everyone. Members of the PS, in the government and out of it have said "he is the man" but the truth is that the present prime minister has said nothing positive. And Mario Soares cannot compete to lose. Since he does not have the support of the PSD and the CDS, Mario Soares will not take a step forward in favor of anyone positioned to this right and much less for anyone on the left.

The names of Alberto Joao Jardim and Mota Amaral have been mentioned in the PSD, which with the withdrawal of Freitas do Amaral has become a hinge party, but there is no unanimous opinion around them. Mario Firmino Miguel, Lemos Ferreira, Altino de Magalhaes and Rocha Vieira (it is too early for the latter to go into the reserves) are the military men who are considered with a chance to be elected with the votes of the PSD, CDS and some Socialist elements.

Mota Pinto and the PSD will gain nothing. Alberto Joao Jardim has already declared that Firmino Miguel is too conciliatory and that the new president of the republic must be a "bulldozer." Marcelo Rebel de Sousa spoke of Alberto Joao Jardim, but without great conviction as did Joao Salgueiro of Mota Amaral.

In practical terms, we are 13 months from the elections. There are many things to be done unless the choice is already widely known and all this wear and tear and all this fuss has been nothing but another reason for not trusting the Portuguese political class. Because of everything that has been said and having all these coordinates before him, Mario Soares will not accept becoming involved with a candidate of the left civilian or military) or a candidate of the PSD and possibly of the CDS (a slate which brings to mind the "AD" [Democratic Alliance] which the Social Democrats and the CDS want) because he would run the risk of being defeated in the second round.

Within this scenario there remains the possibility of a civilian or military candidate emerging from an consensus of the three parties. However, since on the approaching horizon we do not perceive a civilian name, as far as we are concerned a military man will be the future president of the republic.

### The Strategy of the PC

The communists are involved in all aspects of the presidential election. In December next year the Portuguese will be called upon to vote for the presidency and the local governments. This is a fact. It is unlikely that the man in Belem will openly extend his hand to the communists. In view of that truth, they are making their moves in the local governments. It is more important to have a man from the PC as president of the Lisbon Chamber than to be a marginal ally of the president of the republic. That is why the communists are making their best efforts to "surround" Lisbon with a web of APU Chambers. At this time the municipalities on the southern border of Tejo are mainly APU. Vila Franca de Xira, Lourdes and Amadora are in the hands of the communists. In Lisbon, the coming elections for the municipality are a reason for worry for those who fight Marxism. If the APU coalition continues, the AD coalition dismantled, the communists will be able to obtain the presidency (at this time the APU has 4 councilmen, the AD, 7 and the PS, 4), unless a new coalition process takes place. After Lisbon, the communists need nothing more than to "push" in Cascais, where the actions of Helena Roseta have been a failure and causes them to dream of a takeover; and in Oeiras and Sintra, where things will be more difficult.

While the presidential elections are important, the local government elections are no less important, particularly when one takes into account that the three large parties, after the preparations for the presidential elections, preparations which may occur at the last moment and hurriedly, should be exhausted and without programs of action in the short and medium terms.

However, between now and then much water will have passed under the bridges...

### PCP Attitude Analyzed

Lisbon O JORNAL in Portuguese 10 Aug 84 p 13

[Article by Jose Carlos de Vasconcelos: "Presidential Elections, the Main Question"]

[Excerpt] The Position and Possible Preferences of the Communists

What is the PCP position with respect to the presidential elections? We have already seen that the votes of their voters are decisive for the victory of a candidate out of the former AD. One of the reasons why it will be very difficult for Mario Soares to win--but go into the second round--is because he will not have the votes of those voters (PCP-APU), on one hand, and, on the other, that despite his effort, specifically after the death of Sa Carneiro, to be the true leader of the center if not of all the conservative area, he has not managed to do it--Soares (many times) has helped this area but (even so) it will not help him to be president.

However, one thing is the habitual PCP/APU voter and another is the possibility that the communists have, at the sites of presidential elections, to command all their voters or at least the majority of them. Actually, and this is an opinion, these voters are much more numerous than the membership of the PCP, which in the legislative elections obtained many votes from the left which would not go to it if the PS were different than it is or if there were some other choice, and it even obtains many votes of protest.

Whether it is for this reason or for the specific reasons of the presidential elections--which are for the purpose of choosing the head of state, who the PCP knows cannot be one of its members or even a sympathizer--or because of other factors, which I cannot delve into, the margin of maneuvers for the communists in this field is very small. And I believe that they cannot aspire or negotiate their support for another candidate, specifically of the "Eanist" area, either. This means, if I judge correctly, that unless there is an improbable surprise, everything will take place more or less as it did in 1980: their own candidate from the party and then they will withdraw in favor of a third.

But what type of candidate would the PCP leadership prefer that Eanes would support so that they could also support him? I believe that in the order of preference they are: 1) a person from the PS (or even the PSD?) or a person linked to it, who in their opinion would divide or fragment the Socialists from within and not make inroads penetrate into their own APU voters; 2) a military man (the communists at times appear to have a certain type of complex with respect to the military) who would not create problems, perhaps the most obscure possible; 3) a "personality" with more name (or "facade") than program and with whom they traditionally had good relations, although not of their ideological area.

On this basis it is easy to conclude what, in my opinion, the PCP leadership does not want: A candidate with a program and with charisma, who having nothing to do with the PCP, could make inroads into their electorate (in terms of the legislative and local government elections) in case their name could in any way appear linked to a new political force. It is also easy to confirm on the basis of these presuppositions that Lourdes Pintasilgo is the type of candidate the PCP does not want. It was not an accident that already some months ago one of its leaders confirmed this to our surprise and somewhat "tactlessly." This led the PCP to "correct its aim" saying the same thing in other words or through a different formula, which today is its final doctrine: "The best candidate is not always the best candidate."

8908

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## 'GARBAGE DUMP' ROLE REGRETTED IN TRIFA CASE

Lisbon EXPRESSO in Portuguese 18 Aug 84 p 6

[Text] An old man of 70 years wants to go to Portugal apparently with the best of intentions; he wants to spend the rest of his days of retirement here, peacefully enjoying the warm sun and the sweet pleasures which an old man of 70 years can find in this lost corner of Iberia. The old man in question is an archbishop, a prince of the Orthodox Church, who lived in the United States of America for 30 years. In addition to that, he is a man of property and propriety, with a guaranteed income in dollars. What more respectability could one demand of a man who, in the angelic words of the spokesman of the Portuguese embassy in Washington, gave us every reason to believe that he is "a peaceful cleric, a man who respects the law, an outstanding citizen who wants to retire on the beaches of Algarve or something like that."

Either Portuguese diplomacy lives on the moon, watching the movements of the angels, or it will be necessary for those in charge in the Palace of Necessities to come up with a more convincing explanation for the ease with which a known ex-nazi, a war criminal was authorized to reside in Portugal.

Among the documentation demanded of Valerian Trifa for granting the entry visa was a certificate of criminal registration and a document proving his citizenship. Both of these documents clearly indicated that Trifa had no citizenship, that he was stateless. But they indicated that he was born in Romania, that he obtained American citizenship in 1957, and that, after a suit filed by the government of the United States, he lost that citizenship in 1980.

But apparently none of that aroused the slightest curiosity among officials who handled the application for residence in Portugal. Nobody was concerned with finding out why the United States government went through all the trouble of stripping of his citizenship a 70-year-old peaceful individual who quite obviously respected the law, a prince of the Church, an outstanding citizen. This in spite of the fact that the charges against Trifa, his criminal past and his deportation trial were reported by the press of the United States and other countries, in spite of the fact that the United States government initiated steps in Israel, Italy, Switzerland, West Germany and Romania to get one of these countries to agree to receive this former Nazi.

In addition to the lack of curiosity--because we assume that this is what was involved and that the person who issued the visa did not really know who Trifa was--there is the lack of responsibility in authorizing residence for a stateless person without trying to look a little more into his past record. No country is obligated to receive a stateless person and the United States itself found itself forced to resort to a rather inelegant expedient in order to get rid of Trifa.

If Portugal wants to deport this awkward and undesirable guest, it will have to knock on many more doors and with much less hope of success. The United States will not take him and, following the publicity surrounding him, it is to be assumed that nobody else wants him. So, Trifa will stay here.

But in all of this, one should criticize not only the inefficiency of the Ministry of Foreign Affairs and the Alien Police. Our great and old American ally who is happy about having gotten rid of an awkward personality, achieved this result only after a procedure that was not at all nice. The United States informed various governments of Trifa's past record. It did not do so in the case of the Portuguese government because, according to the Department of Justice in Washington, his coming to Portugal was the result of an initiative by Trifa himself and they had nothing to do with that. Perhaps. But Trifa applied to the board of the department of justice to get a visa to go to Portugal. "Our job was to get Trifa out of this country and deprive him of the privilege of living in it and that was done," said the Justice Department spokesman. It would be good for Portuguese diplomats to ask some questions and to demand some explanations in Washington. At least so that the Department of Justice would not be too sure that it can pull this kind of thing on another country.

5058

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## SOVIET AGENTS ALLEGEDLY VISIT ALENTEJO REGION

Lisbon O DIABO in Portuguese 14 Aug 84 p 16

[Article By Francisco Campos: "Soviet Agents Spying With Impunity"]

[Excerpts] Vasco Goncalves recently visited the Aljustrel mine and was received with honors as if he were a member of government, allegedly to commemorate the "nationalization" of pyrites in Alentejo and he did so in response to "invitations" from the respective commission of "workers." This event coincided with an invasion by Soviet agents in Alentejo under various pretexts.

Alentejo is the province where the PC [Communist Party] does its own thing but where it does not always take the precaution of concealing the violent and arbitrary acts of the local rowdies. Let us give some examples.

As we know, the local elections are drawing near; the PC is alert and busy getting out the vote quite openly and with impunity.

The well-known "general" Vasco Goncalves visited the Aljustrel mine (the Moinho mine is known by that name) down to a depth of 265 meters. He was received with honors due a member of government; for almost 3 hours--we never lost sight of him--he inspected installations which are administered by the government unfortunately as a result of those delirious nationalizations of ours (of theirs) in 1975.

The salvaged head of Goncalvism, for example, received reports on all phases of mining. As for the slogans and the chanting against the government, they are not worth talking about because the government quite obviously does not care much about them.

## Soviet Provocation

The communist rage was not confined to these publicity operations which were more or less designed by resorting to the usual "show horses." Our newspaper is in a position to assert that Soviet agents are heading for Alentejo in numbers and at intervals never known before, on missions which apparently involve simple "solidarity" actions but which also include

espionage activities which do not spare even the base at Beja. Under the pretext of visiting the cooperative production units and "manifestations" such as the recent Agrarian reform conference, Alentejo is being invaded, we might say without exaggeration. The agents sometimes move around in private cars and sometimes in light vans from the Soviet embassy and they even settled down in the homes of well-known PC leaders in Alentejo, although not always. One of them registered at a boarding house in Beja with a phony name and an ID card made out by a Portuguese locally identified as "a labor union leader" within the "area of the Agrarian reform." The Portuguese government has been informed that there have been somewhat unusual movements in the area of the Beja base (there are those who say even that photographs have been taken); but, contacted by our newspaper, the Ministry of Domestic Administration said that it "did not wish to comment on the matter"; the Ministry of Foreign Affairs on the other hand, which we contacted on the question of issuing the authorizations for the phony diplomats, whom the USSR usually employs, to stay in the area, told us that "this question is very delicate and cannot be brought out into the open without the intervention of the administration." After all "this is a free country, and so forth and so on," "we live in a democracy, and so forth and so on," "we have relations with all countries, and so forth and so on." And the people at the Ministry of Foreign Relations assured us that "we are going to look into these events," as if we had simply gone to the police station to complain about some annoyance.

5058

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## MORAN ON NATO POLICY, EEC PROSPECTS

Madrid CAMBIO 16 in Spanish No 662, 6 Aug 84 pp 30-32

[Article by Antonio Papell on interview with Spanish Foreign Affairs Minister Fernando Moran]

[Text] Fernando Moran, the "dean" of the ministers in Felipe Gonzalez's first administration, has been socialism's theorist as to Spain's place in the world since the time that the PSOE [Spanish Socialist Workers Party] was the opposition, not the ruling party. As the veteran diplomat in charge of the country's foreign policy, under the direction of the prime minister himself, Moran has unblocked the road to Spain's entry into the European Common Market, now that our French neighbors have changed their minds about the matter. Having won this victory, however, Minister Moran now has another no less complex problem to tackle: the announced referendum on Spain's continued membership in NATO.

Concerning the successful process of incorporating Spain into the EEC, "our country," Moran says, "had and to a certain extent still has one issue pending: our relations with Europe."

With regard to the keys for ultimate success in the EEC negotiations, Moran mentions two basic elements: "Very careful and tough technical negotiations, and thawing relations with France. Just after I joined the government, I made a wager in this regard. My main goal became this thaw, not because I'm a Francophile, but because France is an essential part of the community and the country that posed the most obstacles to us. Without the cooperation of our neighbor it would have been impossible, first of all, to stem ETA [Basque Fatherland and Liberty] terrorism and, second, to find our way into the EEC. I think that over the last few months our perseverance in seeking better relations with France has paid off, even though there has never been a period in which we have filed more notes of protest with that country, inasmuch as we have certainly had some critical moments, because of both terrorist and fishing problems. In this latter regard, we are even going to take France to the arbitration table to clear up the famous 'cannon shot' incident, which shows that better relations are not incompatible with proper firmness when necessary."

[Question] There is an unavoidable link between entry into the EEC and military solidarity, continued membership in NATO, even though the government's policy is to separate the two issues.

[Answer] Becoming part of Europe does not necessarily mean renouncing other dimensions of our foreign policy, such as in the Mediterranean region or Latin America, nor does it demand any specific stand on the question of alliances, except that Spain is part of the West. This means that ultimately and even though the treaties do not say so, a neutralist position would be incompatible with membership in the community, even though there are countries like Ireland that have not taken a neutralist stand but are not members of NATO. Therefore, joining the EEC does not oblige us to remain in the Atlantic Alliance, much less to become part of its military system.

[Question] But you are aware that public opinion does, in fact, believe that the administration's change in attitude is indeed due to pressure from the EEC countries.

[Answer] I can state categorically that that interpretation is false and I challenge anyone to produce a single statement of mine that directly or indirectly links one issue with the other...

[Question] The official policy is as you say, of course, but public opinion believes otherwise...

[Answer] Public opinion is guided by mass media that are obsessed with the NATO issue, and perhaps it is as you say, but I am convinced that it is more important for Spain to take a stand with the West than to belong to NATO. Once again I must repeat the obvious: Spain is making an enormous contribution to the defense of the West, aside from its ties with the Alliance. In the first place, by adopting the political system that it has (when General Franco died, the feeling was that Spain would have a political map like Italy's, with a very strong Communist Party and a church-affiliated rightwing party as the two main groups), which is conducive to stability; secondly, by maintaining the link that was established with the United States in 1953, and thirdly by joining the EEC, a community that is not politically neutral nor even neutral with regard to Western values and interests. [end of answer]

Minister Moran moves around in his seat, as if searching for the words to begin discussing the controversial issue in earnest. He then continues:

[Answer continued] In view of all this, whether we belong to the Atlantic Alliance or not is only relatively important. Leaving the Alliance would unquestionably be a major move, though. If the UCD [Democratic Center Union] had not made the mistake of bringing us into the Alliance against a majority of public opinion (the polls still show that the public is opposed not only to membership in the

Alliance's military organization but in the Alliance itself as well), no one would be asking us to join today, and everybody would feel that Spain was behaving properly as far as the defense and stability of the West were concerned.

In the situation in which we find ourselves, the government's policy is still to achieve a degree of autonomy without upsetting the balance and to continue making its contribution to the West. That is how the problem must be viewed, not in dramatic terms of belonging to the Alliance or not. That dichotomy does not make much sense.

[Question] But the degree of autonomy to which you refer ought to be more precisely defined, don't you think?

[Answer] Unquestionably. The position of a country is determined by the actions of its leaders, with the support of the people and of its institutions over a long period. I don't like to talk about "hanging in there," but we have to because that kind of tenacity is more effective than pro-forma definitions. In any event, the definition that you're asking me for could be to maintain the principles of Spain's alliance with NATO and, at the same time, to stipulate that Spain's military commands are not dependent on the Alliance's military commands or plans, while seeking to coordinate with the Alliance notwithstanding. This option could eventually have grassroots support, although I do admit that such support is difficult to secure, because the "black or white" version that the UCD introduced and that certain media have perpetuated heightens opposition, even to arrangements like the one that I have just described.

[Question] There are those who feel that the arrangement that you have described is merely the forerunner to complete membership in the medium term...

[Answer] It could, of course, be interpreted that way. But I can assure you, and I am speaking now on behalf of the government, not personally, as I have up to now, that the preservation of our autonomy is an ongoing goal of this administration in the area of foreign policy, and in my judgment it enjoys strong public support in this regard.

Carrying out this policy is a much more complicated problem than just proclaiming it, though it is not an insoluble problem. You have to keep in mind that even our allies who would most like us to join are trying not to trigger a "black or white" reaction here. There are a good many who are in agreement with our general approach, an approach that is clearly defined through our membership in the EEC.

[Question] And will the referendum come after the government takes a specific political stand on alliances, as a way of ratifying its decision?



[Answer] I do not think that the time has come to specify the referendum procedure, but we can set forth several ideas regarding it. In the first place, the referendum is inevitable, for higher reasons related to our political system. A parliamentary democracy is based on the credibility of the government during the time of its legislature, and if this administration did not hold the referendum, its credibility would decline sharply. I don't care for the suggestion of dissolving the Cortes and having the PSOE run in an election with a new platform. That would obviously change our political map, because the people who advocate peace or detente would be left without an electoral point of reference. [end of answer]

The minister speaks without fumbling; he seems to have gauged in advanced how far he can go with his statement, which must be formalized as part of a plan to prepare public opinion. He continues with the same self-assurance:

[Answer continued] Secondly, the referendum must be clear, which does not mean that it has to offer a simplistic black-or-white choice. In my opinion, this can be avoided through parliamentary debates, and since the referendum is consultative under Article 92 of the constitution, although its political and moral force is obvious, the results should also be approved and interpreted by the Cortes in a second subsequent debate. To sum up, then, my ideal scenario would boil down to a prior debate in which the principles and the objectives were set forth. For example, let's assume that the PSOE's objectives are to contribute to the defense of the West, to keep nuclear weapons out of Spain, to retain control over the defense of our country, to coordinate our internal defense with the allies' efforts, etc. All of this could be explained and set forth in a single question.

In any event, I would ask the mass media to do their best not to oversimplify, to report all of the nuances, so that what is obviously the case now does not continue: that our allies at times understand the situation better than domestic public opinion. The complexity of the issue unquestionably has something to do with this, which is why the attempt at clarification that we are engaged in is necessary. [end of answer]

As we have said, Minister Moran was theorizing about socialist foreign policy when the PSOE was still in the opposition. There are those who assert that theory and reality have diverged somewhat. The minister denies it: "I think that I can rightly say that I have not changed in this respect. When I wrote my book in 1982, the debate was over whether or not to join NATO, and the principles that led me to take a certain position must now be viewed in light of our having joined the Alliance and bearing in mind the potential impact of terminating the treaty, inasmuch as a decision to leave NATO would also have to conform to parliamentary procedure. Article 96 of our constitution so stipulates."

The question of scheduling is also urgent, but there are no clues as yet. Moran feels that the parliamentary debate prior to the referendum could take place this fall, and his impression is that the referendum, which must be held before October 1986, for obvious reasons, could take place in 1985.

The NATO issue has an obvious corollary: the problem of Gibraltar. Here is the minister's opinion:

"The problem of Gibraltar is an untenable anachronism that, in my view, is not directly related to NATO, inasmuch as the base there belongs to a specific country and comes under a specific command. Nevertheless, since Spain belongs to NATO right now (and Spain faithfully fulfills its commitments, I might emphasize), if Gibraltar were attacked by a third party, our country, under Articles 4 and 5 of the treaty, would have to help defend it. So this is a problem that has to be taken up and resolved with Great Britain, inasmuch as the two countries are going to be partners in the EEC, with all that this implies in the area of principles, for example, communication between Gibraltar and Spain.

"On these grounds and on the basis of the Lisbon Declaration, which the British interpreted lopsidedly, our two countries have attempted a new interpretation. I have had quite a few contacts with my British counterpart. I had a meeting with Mrs Thatcher in March 1983 at which our stands proved to be quite far apart. But we have been narrowing the gap, and today I am hopeful that at the next meeting that I will have with Mr Howe in September we can come up with a working method that will enable us to apply the EEC policy, even from the outset of our membership, and to establish a procedure for discussing all issues, including sovereignty.

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## ARMED FORCES' DEFENSE CENTER FOR LEADERSHIP PROFILED

Copenhagen BERLINGSKE WEEKENDAVISEN in Danish 11-16 May 84 p 7

[Article by Rolf Geckler]

[Text] Organization culture. This is the wave of the times within organization leadership. Companies such as SAS, Store Nordiske, LK-NES, and Hafnia Forsikring work with company cultures. They have their ideas from the Defense Center for Leadership, a strongpoint for modern leadership theory. Here one speaks of leadership that is built upon attitudes and values. Or, as Commander Bent Rieneck says: "A leader should say what he thinks is good and what he thinks is lousy."

When representatives from most of the country's counties and municipalities meet in Bella Centret Wednesday of next week to take part in Foreign Minister Britta Schall Holberg's conference on leadership, they will be able to hear Jan Carlzon tell how SAS was able to navigate out of the financial turbulence and into more friendly air space. The story is well known by now. But if Jan Carlzon chooses to stick to the truth, he will also say that many of the ideas behind SAS's rebound are Danish, developed by the Defense Center for Leadership.

Number 8 Vold Street in Christianhavn is a somewhat rundown building. The stairs are worn, and it has been a long time since the walls have been painted. In these surroundings, Commander Rieneck, who has a master's degree in psychology, has, together with a handful of fellow workers, created a thinktank for modern leadership. The Defense Center for Leadership was working with the education and selection of leaders long before businessmen began to be concerned with the subject.

"The Defense Center for Leadership produces some of the most advanced material in leadership," Bernhard Bevort, chief of personnel at SAS, says, "and even if it is primarily aimed at defense, the basic principles have general validity."

Erik Steen Andersen, chief of leader selection and development at PA International Consultants, Inc., adds: "The defense establishment is way ahead as far as the development of human resources and the training of leaders is concerned."

## Visible Leadership

Hardly had the photographer taken his last picture before Bent Rieneck took off his uniform jacket, loosened his tie, unbuttoned his sleeves and rolled them up. "I cannot tell anyone how to be a leader, but we can talk about it," he says.

Rieneck operates with leadership from the point of view of values. Leadership that builds upon attitudes, philosophy, ethics, and norms. He talks about visible leadership that allows everyone to see what the organization stands for. A leader must say what he thinks is good and what he thinks is lousy. In Rieneck's opinion, this should also apply to leaders in the public sector.

"The main thing is that as a leader one should stand for something, and that this something should be related to attitudes and values," he says. The problem for many leaders is that they do not know what they want. And excellent leadership tools and management techniques don't help the irresolute leader. Rieneck looks upon techniques as the "poor man's useless crutches." "They only have value if they rest upon a clear system of values... If one is convinced of something and knows what one wants, there is no problem to do things in life."

It is a matter of the nature of the organization. "People are different, and organizations should be, too," he says. An organization should be saturated with values and norms so that everyone acts on the same basis. If the fellow workers know what the enterprise stands for, Rieneck thinks, they can file instructions and orders in the waste basket. In a good organization, he says, there is agreement on the basic values.

An organizational culture is like every other living culture -- it must be planted and cared for. One breaks the ground on the basis of ideas about the future in the community, assumptions on the workers' possibilities and demand from their surroundings to select the reality one wants to work in. "One must choose reality and conditions," Rieneck says. He thinks that the task of leadership is to see to it that the workers understand the organization's present reality and its future possibilities.

And since one cannot allow for all the situations a person can come up against, Rieneck works with a concept he calls "situation-determined leadership." This means that leadership is to adapt itself to people and situations. The workers must have, in Rieneck's words, a "readiness to act built upon attitudes and values."

In order to be vital, an organizational culture must also flower at the top. Organizational culture and leadership development are things that should concern the whole organization. Otherwise, Rieneck says, there will be talk of mutiny or revolution.

In the defense forces one practices this in that the defense chief, twice a year, holds conferences with the commanders of the three forces. In these

conferences one discusses the reality the defense forces find themselves in. The basis is formed by, among other things, attitude measurements in which the Defense Center for Leadership tries to take the organization's temperature with questionnaires, just as every other year one tries by means of opinion polls to find out how the public looks at defense. "Without popular support, defense has no justification," Rieneck says.

## Training

Few leaders in the private or public sectors are continually under training like the officers in the military, and there is presumably no corporation or organization that offers such great resources for the training of each individual leader as the military does.

It is natural for defense to be ahead in training, because during peacetime there is nothing else to do than to train with the idea of a possible war.

Defense leadership training includes all leaders. The training is built up in modules, and one speaks of a constant exchange effect between training, service in a staff function in the defense command, and in one of the three forces in the ranks as a commander in action with shot and shell. A military career without job rotation is therefore unimaginable, and highly placed officers often supplement their Danish training with study abroad.

Chief of Personnel, Tage Frisk Larsen, LK-NES, Inc., who has left the military career for the private sector, says about the difference between military and civilian training: "The military trains leaders who can be made into specialists, while institutions of higher learning train specialists who can be made into leaders."

## People in Demand

The private and the public sectors like to buy the military's ideas on leadership. And there is also a good market for people with a military background.

"Officers are very attractive to the private sector," says Otto Egers of Mercuri Urval Personnel Selection, Inc. He stresses that officers are good generalists, not specialists, and have an excellent professional background.

Mogens Frickmann was a major in the army until February 1982. Today he is chief of personnel development in Det Store Nordiske Telegraf-Selskab, where he directs the organization and coordination of internal leadership training in the concern's branches.

Previously he worked with leadership training and chose to leave the military to see if "the ideas would hold in business life."

So far, Frickmann has translated many of his military experiences on leadership, leadership development, and leadership training to the conditions in Store Nordiske. Among other things, he has worked out a training program that includes



leaders at all levels. Frickmann says that it is important for training to take place internally so that it fits the needs of the workers and the company. "One must systematically and steadily have a theoretical brush up," he says. At the moment, Frickmann is working on "planting" a common company culture in the multisectioned concern. "The goal is for Støre Nordiske to be experienced as one company with a common company identity, but without eliminating the individual identity and stamp of the branches," he says. He says that in his civilian work he has been very happy to have had experience as an instructor and leader in the military.

Tage Frisk Larsen is also glad he has had military experience. With the rank of major he left the military in 1980 to become chief of training for De forenede Bryggerier, until on 1 February of this year he became chief of personnel and training with LK-NES, Inc.

After some years with poor economic results, LK-NES is about to undergo a reorganization that will assure the company's future. Larsen's contribution to this process is, among other things, the military's principles on philosophy, ethics, and norms. That is, visible leadership. He stresses that in the company one must act on the basis of a clear set of values, and together with the management and with committees on cooperation he has set the framework for a company culture. The program announcement runs:

- Satisfied customers are the key to LK's future.
- LK wants to continue to be known as the deliverer of quality products.
- LK strives for simplicity in all situations.
- Management and workers in LK work on the basis of open and honest communication and the greatest possible delegation.
- LK relies on the efforts of every single employee, upon his diligence, flexibility, and desire to cooperate.
- An LK worker shows initiative, energy, and a sense of responsibility.
- We intend to achieve a rate of earning that will assure LK's future.

Larsen is convinced that this program announcement means much more for the company than any more or less accidentally selected leadership provisions.

But even if the military's governing leadership principles are used in many companies, one can hardly compare the reality of the military with that of business life.

Erik B. Johansen, personnel director in Hafnia Forsikring, Inc., and former major, thinks that there is a big difference between being a leader in the military and in business life. Concepts such as discipline and obedience, which are key concepts in the military, are far away from business life, which does not have to reckon with death and mutilation the way the military does.

"When one talks about insubordination in the military, one calls it a professional meeting in business life, and mutiny can be compared to illegal insubordination," Erik B. Johannsen says. He thinks that "It is just as irrevelant to compare the military with business life as to compare DFDS with FDB, or the Private Bank with the Church Ministry.

9124

CSO: 8113/1907

## SUBMARINE DOCTRINE, INVENTORY, DEPLOYMENT SURVEYED

Stuttgart MARINE-RUNDSCHAU in German Aug 84 pp 348-358

/Article by Hannes Ewerth: "The Third German U-Boat Force"/

/Text/ In the series on the various naval commands, the commander of the submarine flotilla reports on his force as well as its missions and delivery systems.

## Submarines in Naval Strategy

Submarines are the classical naval warfare means of the weaker who wants to tie up and wear down superior potential. Together with other units they can ensure that the enemy in his attack always has to expect a threat also from the third dimension of naval warfare. In this connection tying up the operating forces, especially in peacetime, is already a part of the deterrence.

Tying up forces and protection of our own coasts against an enemy who is superior at sea has always had special importance to our navy.

Considering their significant combat effectiveness and the relatively small cost in terms of personnel and operating costs, submarines are an effective and extremely economical means of naval warfare.

Therefore, a balanced fleet of our navy cannot do without a maneuverable, power and stable submarine. In the submarines the German fleet possesses a naval warfare resource that--using the characteristics of the bordering sea--can be flexibly employed in the Baltic and North Sea areas of operations.

## The Buildup

The "Paris Treaties" of 23 October 1954 determined the German defense contribution and limited it at the same time. In the "Accord Special," the FRG was permitted construction of small submarines on account of its strategically important position at the Baltic Sea access. These small submarines were supposed to have a 350-ton displacement because of a voluntary limitation by the FRG in the WEU treaties.

The construction program approved by the Bundestag in 1956, which, among other things, provided for 12 submarines, was derived from the mission of the navy "to protect the territory of the NATO countries bordering the Baltic and North Seas and the Baltic Sea accesses by defense against attacks on the Baltic Sea and North Sea coasts, to impede the use by the enemy of the Baltic Sea to the degree required for this purpose, to cut off his lines of communication between the Baltic Sea ports and the Atlantic and to guarantee the use of the North Sea for its own purposes.

### The Beginning

To develop a submarine force, first a way had to be found to be able to start early with the training of the personnel for the new submarines.

Two type-XXIII submarines from the war years were raised, repaired and put in service in Kiel as U Hai and U Hecht in August and October 1957, respectively. U Wilhelm Bauer, a type-XXI submarine, followed starting 1 September 1960. Under the command of the amphibian forces, these first submarines were placed under the command of the newly-established submarine training detachment (ULG) in Neustadt and training was resumed after a 12-year interval at the location of the old submarine school. Much involvement, improvisation, and readiness for responsibility was demanded from commanders and crew to train an efficient and also enthusiastic young generation of submariners.

An especially severe blow to the young submarine force was the sinking of U Hai on 14 September 1966, in which 19 submariners lost their lives. Nevertheless the buildup was purposefully continued.

### The First New Units

With the class 201 and 205 submarines the start for the third buildup of a German submarine force was made. Based on

- tactical requirement,
- technical possibilities and
- available funds,

submarines had to be developed which were primarily planned for Baltic Sea deployment but which were also supposed to be suitable for the North Sea.

The 201-class submarines were chosen from among the designs of the Luebeck Consulting Engineering Office in 1958 and construction started at the Howaldtswerke-Deutsche Werft AG in Kiel.

Made of nonmagnetic steel for protection against mines, they were armed with eight torpedo tubes for self-targeting torpedoes and were compact, maneuverable and low-noise submarines. They displaced 350 tons, were 42.5 meters long and were propelled by electric motor by means of a shaft.

The energy from efficient lead batteries, which were periodically recharged by two diesel generators gave them a speed of about 17 nautical miles per hour for submerged travel.

U 1, as first submarine of this series, was put in service for the First Submarine Squadron in Kiel. U 2 followed the same year while U 3 initially operated as Kobben under Norwegian flag and later on was deployed to Neustadt as training vessel.

However, the so promising start would soon be followed by the first reverses. The nonmagnetic steel developed intercrystalline stress corrosion cracking, so that after a short time U 1 and U 2 were provided with new, this time ferritic, pressure hulls for reasons of costs.

The second series, U 4 to U 8, enlarged to 450 tons on account of the eased WUE regulations and designated as 205 class, proved to be "more saltwater resistant." Nevertheless a new construction series, U 9 to U 12, was required to be able to put them in service as "finally corrosion resistant." Only now the First Submarine Squadron could report the first vessels as operations-ready.

#### The New Concept of the Navy

With the change of the NATO strategy to "flexible response," the navy received a new concept.

It remains the mission of the German Navy to protect FRG territory by defense against attacks on the coasts and at sea and to make a contribution to maintaining the Baltic Sea accesses and to safeguarding the North Sea.

For this purpose, we must

- meet a threat as far seaward as possible;
- hinder the use of the Baltic Sea by an enemy and tie up his forces as much as possible;
- ensure our own resupply in the North Sea.

The principle of forward defense demands that the defense against attacks has to be started in the offshore naval areas, thus in our case in the eastern part of the Baltic Sea and of the northern North Sea or Norwegian Sea.

From this concept, the following mission was derived for the submarine force:

Submarines on account of their lack of visibility and the difficulty to fix their position are the best suitable weapon for operations in sea areas in which the enemy possesses naval or air superiority. They are the only means by which naval superiority can be challenged against him in these areas, they are the classical means for attrition also of superior forces of an enemy and of tying up his forces. Therefore, the vessels of the submarine flotilla must

- be operationally ready in the areas of operations;
- engage the attacker as early as possible;
- effectively interfere with his resupply;
- force him to permanently deploy security forces and thus tying him down through the strength and duration of the action; and
- participate in securing the North Sea by engaging submarines and surface naval forces.



## 206-Class Submarines

The armament planning was considered from this set of missions and the Bundestag approved 30 submarines as authorized strength. In 1965 planning and development started for 24 206-class submarines with the Baltic Sea as the main deployment area and 6 submarines of 1,000 tons each for the North Sea. In this connection, the latter were intended for the role as SSK (submarine submarine killer). The 206-class series, later on reduced to 18 submarines for financial reasons, was built by the Howaldtwerke-Deutsche Werft AG, Kiel, and the Thyssen Nordsee Werke in Emden until 1975 and put in service by the navy at 2-month intervals. Building of the big vessels was abandoned, also for cost reasons.

Since May 1975, the submarine flotilla has a total of 24 submarines.

The 206-class technology differs only little from that of its predecessor, 205. By separating the location of the engineering department from the operations center, the vessel was lengthened to 48.6 meters with a 490-ton displacement. The significant difference lies in the improved weapons and fire control system which not only permits the use of self-targeting but also of wire-guided torpedoes to engage surface and underwater targets.

Both submarine classes have nearly the same performance data, possess great endurance and a maximum speed of about 17 knots when submerged.

With the delivery of the new submarines and the supply of the weapons required for them, the "206-class submarine weapons system" was accomplished. It was possible to reduce training backlogs, torpedo firing sectors and participation in maneuvers meanwhile have become routine; they have proved their dynamic equilibrium during prolonged deployments.

### The Present State

#### Organization of the submarine flotilla:

The submarine flotilla is subordinated to the fleet command. All submarines and their support units are concentrated in it. Two submarine squadron of 12 vessels each and a tender as well as the submarine training detachment with its manifold training facilities are subordinated to the commander. The flotilla coordinates and controls development of operational readiness and training of the subordinate units. Command of each submarine at sea in peacetime and in action devolves on the situation center of the fleet command.

The First Submarine Squadron stationed in Kiel consists of six 205-class vessels and six 206-class vessels. A tender is subordinated to the squadron for training, command and security tasks and as target vessel.

The Third Submarine Squadron in Eckernfoerde includes 12 206-class vessels and also a tender.

The seagoing tugs Spiekeroog, Norderney, and Fehmarn serve as escort vessels in Kiel, Eckenfoerde, and Neustadt and are employed in agreement with the auxiliaries flotilla.

The Submarine Training Detachment in Neustadt with its two directorates is charged with training submarine personnel, with carrying out rescue training and with supporting the submarines in their operations training with the help of engineering shore installations and simulators.

## Training

The rapid technical development of sensors and weapons in the years between 1960 and 1975 also resulted in a new training task for the submarine force. These submarines can attain their combat effectiveness not solely by operating these facilities but only by mastery of the entire system consisting of Schiffstechnische engineering facilities, sensors, and weapons--including its diving handling in the third dimension.

The road to this operational capability leads via two sectors:

- Basic operational training, i.e. the training of each individual crew member according to the function that he is to discharge later on board a vessel; and
- operational training, i.e. training of the entire crew as a team onboard.

Following onboard practical training and complete NCO training the specialized military training according to the intended assignment customary in the navy must be followed by the basic course for submariners.

This basic operational training is also being carried out for all ratings in the Neustadt Submarine Training Detachment. Individuals are being specifically prepared in theory and practice for specific billets onboard.

The submariner can go aboard "almost completely" trained and from the very first day can responsibly discharge his duties.

The step on board, the entry into a crew as a member of a team with responsibility and expectation of performance must, however, be watched by the commander. He must see to smooth integration, adaptation of the training to the specific conditions aboard his vessel. He has to mold his crew which must be able to operate the vessel underwater for several weeks, take care of servicing and if necessary repairing its machinery and equipment. Always with the aim to be operationally ready when it becomes necessary.

After a prolonged period in shipyard, the commander carries out intensive individual training with his crew in the port and at sea utilizing the shore facilities of the Submarine Training Detachment. At the end, the flotilla commander makes the sea and diving readiness inspection. It is proof of safe nautical and navigational handling of the submarine on the surface and submerged.

The diving-technical combat training (TTG) follows an additional individual training phase. It is carried out and rated by the TTG training detachment of the submarine flotilla.

The crew must now have a good command of its vessel under operational conditions, i.e. in case of breakdown of machinery, inrush of water, fire and

weapon effect, extreme trimming of countertrimming on the surface or submerged. But the commanding officer, who is solely responsible for the training of his crew, even after this step cannot yet report his vessel as operationally ready, for one of the most important training segments, team training for weapon employment on the simulator and ad sea is still lacking.

Of course, every operator for sensors or weapons systems has already been trained on his equipment. But in weapons training it is now important to combine the work results, i.e. the information on the individuals, in an integrated operational sequence to develop a situation picture from it and to prepare the data required for a targeted torpedo shot.

A simulator trainer for submarines--a shore operations center--permits preparation and again assessment.

The practice, the torpedo firing segment with the "wet shot," forms the conclusion of the operational training program for submarines following 3 months of training. Here the commander and the crew must prove that they are a coordinated, reliable, and efficient team which can effectively use the weapons of the system with the many interdependencies measures by the enemy potentials.

Target detection--identification/classification--attacking from the depth--must now become routine.

Now the "only" thing that is missing is experience! But this can be "experienced" in the truest meaning of the word only at sea by participation in national and NATO exercises in order to be finally able to report the vessel operationally ready without any restriction.

#### Deployment of the Submarines

Twenty-four submarines constitute an important part of the fleet combat capability. It becomes clear in the concept of the navy, the mission derived therefrom for submarines and by the weight that must be apportioned to them against the background of the forward defense concept.

We interpret our mission in connection with the current NATO strategy to be able to react flexibly and appropriately to possible aggressive military activities.

For this purpose we must maintain an enemy-oriented potential in adequate numbers as counterbalance in the area of operations assigned to us, especially in the Baltic Sea.

For German submarines forward defense means employment as far to the east as possible to counteract the threat from the east and to bottle up the forces in the sea area of enemy superiority.

But submarine employment is also important in the sea areas of the north flank region outside the Baltic Sea. Here the deployment is to take place as far north as necessary to be able to fight the enemy in the depth of the space.

The submarines are an integral part of the fleet; nevertheless they operate at sea--committed by the fleet command--by themselves and having to fend for themselves.

The commander leads here!

The commander decided here!

The commander is responsible here!

In their main operational area, the central and eastern Baltic Sea, but also in the Skagerrak and Kattegat as well as in the North Sea, the submarines have proved themselves as regards their size, their mobility and their combat effectiveness.

Whether in NATO or national maneuvers, whether in Flag Officer Sea Training (FOST) or in the Joint Maritime Course (JMC) in Great Britain, wherever our small, agile but combat-effective vessels are employed, they have proved that they can meet the tasks demanded of them and that they are particularly well suited for the fulfillment of the mission.

In recent years a decisive influence on operational planning and tactics has been exercised by the

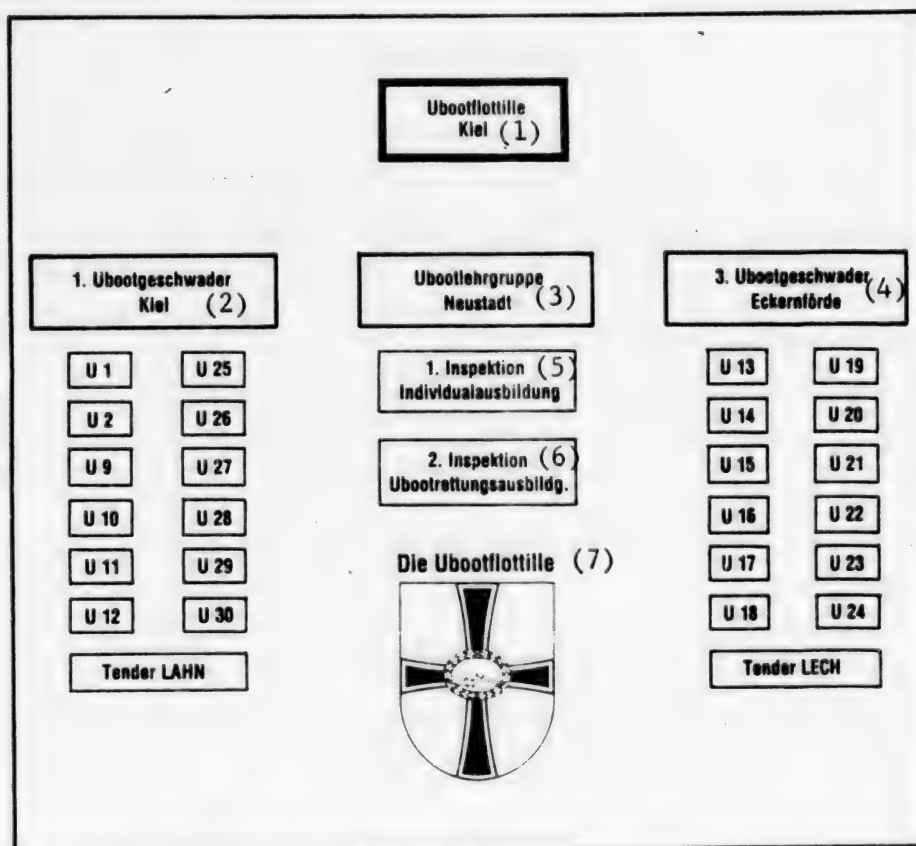
- enormous expansion of the Soviet fleet and
- the development of sensors and weapons.

The submarine of the present and the submarine of the past have only very little in common. Submerged operation for weeks, weapon effect extending over many nautical miles, the potential to identify and combat targets from the depth without the aid from optical or electro-optical sensors has made the submarine into a weapon that can effectively operate in all sea areas even under strong enemy threat. Even more than in the past, technologies will determine tactics and operational planning and necessitate a permanent adjustment. We must continue to adapt ourselves to the potential enemy and convert technical developments into tactical operational principles.

#### Prospects of the Future

The original plan to put in service in the nineties 208-class submarines with a propulsion independent of the outside air based on the fuel cell technology to replace the then obsolete 205-class submarines had to be postponed to the years after 2000 for technological and financial reasons.

In place of that plans now call for maintaining the submarine force at the required level of performance by a combination of measures of maintaining combat effectiveness of the existing vessels and procurement of new conventional submarines.



**Key:**

1. Kiel Submarine Flotilla
2. First Submarine Squadron, Kiel
3. Neustadt Submarine Training Detachment
4. Third Submarine Squadron, Eckernförde
5. First inspection, individual training
6. Second inspection, submarine rescue training
7. the Submarine Flotilla

The measures for maintaining the combat effectiveness have been planned for 12 of the 18 206-class vessels during 1986-1990. The emphasis has been placed on procurement, installation, and integration of new sonar and torpedo fire control systems. With them the conditions for employment of a new multipurpose torpedo for the engagement of surface targets and submarines have been created at the same time. This torpedo will be available starting in the early nineties as an advanced development of the present antiship torpedo and the antisubmarine torpedo.

The measures to maintain combat effectiveness will result in being able to keep in service the modified 206-class submarines including their weapons logistically supportable, operational, and with adequate combat effectiveness until beyond the end of the nineties.



The six 205-class submarines are to be replaced by new 211-class vessels starting in the early nineties.

These submarines were so designed that they can also be employed against submarines and surface ships especially in the sea areas of the northern flank region outside the Baltic Sea. That will affect their construction features and equipment, e.g., range of action, underwater endurance and submerged depth as well as the position-finding, tracking and weapon delivery systems.

In the development and procurement of these submarines the experiences gathered by the German shipbuilding industry in recent years by deliveries of submarines to foreign navies can be utilized. In addition, it will be possible to largely fall back on completely developed components in their equipment.

With the procurement and equipment of the 211-class submarines the obligations will also be met which result from the German-Norwegian government agreement on cooperation in the field of submarines.

### Conclusion

In the meantime, the third German submarine force has been in existence for over 25 years, i.e. it has been in existence longer than its two predecessors combined in the imperial navy (U 1 commissioned on 14 December 1906) and the /Nazi/ navy (U 1 commissioned on 29 June 1935). During this quarter century we have contributed to the maintenance of peace and freedom.

In principle our mission remains unchanged today:

--in peacetime

by commitment, operational readiness and presence at sea to make a contribution to credible deterrence and thus to safeguarding of peace and

--in a national defense emergency

by defense against attacks at sea to protect the FRG territory in the sense of the forward defense.

The only thing that has changed are the means available and they will change in the future, too.

For, as always, the weapons system--consisting of launcher, sensor, weapon and last but not least man--must be measured against the enemy and its employment must be adapted to his potential.

Operations, tactics and operational doctrines must be adapted to the technical changes of enemy weapons; the shore-based command must permit flexible responses of the submarine to changed situations at sea.

In the future, with balanced weapons development success will again be more determined by motivations and level of training of the crew, by prudent and skillful leadership at sea and by the operationally correct employment.

Submarines can contribute to defense in every sea area. Nevertheless, the conventional submarine will not be the naval warfare means to achieve naval supremacy but in the future, too, it is suitable for contesting the enemy's naval supremacy.

12356

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## CONSCRIPTS COMMITTEE URGES REFORMS IN TRAINING TO SAVE FUNDS

Stockholm DAGENS NYHETER in Swedish 29 Aug 84 p 11

[Article by Sven Svensson]

[Text] Call up three drafts of conscripts over a 2-year period rather than, as now, one draft per year--that is the proposal by the government's conscripts committee, which is submitting its report to Minister of Defense Anders Thunborg on Wednesday.

Basic training for conscripts currently lasts 7.5 months, and calling up three drafts in 2 years would provide an equal number of conscripts throughout the entire 2-year period. The regiments that train one batch of conscripts per year stand idle for just over 4 months.

The object is to rationalize conscript training and save money. The change will affect the army primarily and the air force and navy only to a small extent.

The army currently comprises 45 units as follows: infantry: 16; armored troops: 6; artillery: 6; antiaircraft defense: 4; maintenance and supply: 4; engineers: 3; cavalry: 3; communications: 2; and army air force: 1. There are also 21 schools.

By training three drafts of conscripts in 2 years, it would be possible to shut down from 10 to 15 units and perhaps a few schools.

#### No More Expensive

The committee does not expect any major additional costs as a result of training three drafts instead of two. Current food supply services and other administrative arrangements, and probably personnel as well, will be sufficient.

The committee is proposing that the government try out the training system as an experiment, but is not recommending any specific locations.

As the next step, the government is expected to instruct OB [Supreme Commander of the Armed Forces] Lennart Ljung to suggest where the experiments should take place. The government may include that instruction in the directives it normally issues in connection with program planning. In his program plans for

defense, the OB may then make detailed proposals as to how the experiments should be carried out from the organizational standpoint.

The present defense committee will then give its opinion on the form the Armed Forces should take during the 5-year period that starts in 1987. At that time, it will have to state its opinion not only on defense costs but also on the organization of the training system.

The government has a special opportunity to start the experiment quickly. The reason is that the number of men reaching conscription age will decline during the 1990's, and that fact will require curtailments in the training organization.

#### Fewer Conscripts

Low birth rates alone justify the elimination of six units. By deciding to close down three units, the government would be able to get the experiment underway very quickly.

Three other units could then be given the job of training three drafts in 2 years, and if experience with the training experiment is negative, the smaller draft contingents would still leave enough margin for going back to the old system of training one contingent per year.

The conscripts committee also had the task of coming up with other proposals for saving money in the Armed Forces, but the results are meager. Military authorities have proved to be more interested in expanding their activity than in reducing it. This applies, for example, to the proposals for expanded incident preparedness, which would require that conscripts be available all year round.

11798

CSO: 3650/277

## PROPOSALS TO SPREAD TRAINING OVER YEAR

Stockholm DAGENS NYHETER in Swedish 30 Aug 84 p 2

[Editorial: "Let Conscription Be Continuous"]

[Text] Sweden's military defense costs about 20 billion kronor per year. That is not enough money for the procurement of sufficient modern materiel to enable the wartime organization to maintain its relative strength. On the other hand, there are enough funds to maintain an overmanned and ineffective peacetime organization.

The security situation has grown more tense, and new demands are being placed on military defense, especially as regards incident preparedness in peacetime. At the same time, strained government finances are placing limits on the possibilities for increased funds from outside the Armed Forces.

The Armed Forces cannot hope for much more than protection from the cutbacks affecting other government spending, even though the Conservatives, being in the opposition, like to make it appear otherwise. In practice, greater financial scope must be achieved primarily through rationalization and a shuffling of priorities within the current military budget.

But the inertia is obvious, even though the Armed Forces can pride themselves on having made some big adjustments in comparison with other areas of government activity. The peacetime organization is disproportionately large, whereas the air force has been forced to cut back on its important fighter plane and there is not enough money for a rapid expansion of antisubmarine capability.

The proposal to institute continuous conscript training, which the conscripts committee submitted yesterday, is therefore welcome. In one and the same proposal, the committee has neatly managed to get at two problems: it wants to improve incident preparedness while at the same time cutting out approximately every fifth army unit in the peacetime organization.

The basic idea is that training for that majority of conscripts whose training lasts for 7 months would be spread over three periods in one 2-year time span. This would provide an even load in the regiments rather than the current fitfulness in which resources are in full use for only part of the year.



The intention is that all conscripts being trained at the same time would also be released at the same time after a final joint exercise. It means that those destined to become conscript officers and NCO's would be called up earlier in the year and that during basic training, they could be used for command duties to a greater extent than heretofore.

At the same time, incident preparedness would improve, since for most of the year, there would be plenty of conscripts who could be sent into action quickly. Duties such as surveillance of the Karlskrona area during previous incidents would not make it necessary to disrupt conscript training to the same extent so that they could be assigned to active military duties.

Dividing each year's draft contingent into three groups of equal size is not possible in Norrland units, where everyone must receive winter training. Conditions in the navy and air force--which have considerably fewer conscripts--are also different than they are in the army. Even so, the conclusion is that from 10 to 15 peacetime units could be eliminated in addition to the six units that will have to be closed down in any case by the end of the 1980's as a result of smaller draft contingents.

A change such as this cannot be carried out without some anguish, and there are many obstacles in its path. This is shown by the latest round in which military units were closed down, when an important reason why I3 in Orebro stayed open was that Orebro was the site of the Center Party's annual congress, and Thorbjorn Falldin did not want to antagonize local public opinion.

And this time, arguments concerned with regional policy and employment are going to be interwoven with local patriotism and justified sympathy for the conscripts who will have to travel farther from their home districts. The local regiments have many defenders--most of them only marginally interested in seeing defense funds used most effectively for their real purpose.

Three years from now, the newly appointed defense committee--whose chairman is Gunnar Nilsson, former chairman of the LO [Swedish Federation of Trade Unions]--is to submit its proposal on the shape of our military defenses in the 1990's. Continuous conscript training should be an important part of that proposal.

This requires that the defense committee take the initiative in bringing about open debate concerning its work, shape public opinion, and force the parties to mobilize the political courage that they have all too often failed to display in the past.

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CSO: 3650/277

## STUDY FINDS SWEDISH SOLDIERS LACKING IN AGGRESSIVENESS

Stockholm DAGENS NYHETER in Swedish 1 Sep 84 p 8

[Article by Arne Soderlund]

[Text] How would Sweden manage in a war? That may depend on how much aggressiveness we can muster when the time comes.

"The Swedes are probably the least aggressive of any people in the world," said Ben Shalit, a researcher for the FOA [Defense Research Institute], during a symposium with the People and Defense Federation on Friday.

By aggressiveness, Ben Shalit does not mean general ruffianlike behavior, but more or less the capacity for--and and habit of--holding one's ground and standing up for one's life and rights.

On that point, Swedes do poorly in international comparisons. This can be proven with statistics, he said.

"Sweden has the lowest number of traffic accidents in the world. On the other hand, Swedes have more gastric ulcers than people in other countries."

Aggressiveness exists even in Sweden, but it is more likely to be turned in on oneself rather than outward toward other people.

But Ben Shalit does not view the unaggressiveness of Swedes as something to be regretted in general. He emphasized that.

"In Sweden, relations between people are much easier and nicer than in other places in the world. It is good to live here," said Ben Shalit, who lived in Israel for a long time.

Not Good Enough

But being nice is not enough in wartime. Soldiers must think first and foremost of surviving and accomplishing something.

But the aggressiveness the Swedish Armed Forces should strive for is not individual but group aggressiveness.

"And it is possible to train people to sympathize with and take responsibility for others."

If the Swedish Armed Forces had behaved more aggressively, things would have looked different at Karlskrona even if the results had not been any better, says Ben Shalit, who was there while the search was underway.

"At any rate, the soldiers would have fired quickly and accurately. And no one would have heard their commanders say: 'We would rather you took a picture of a frogman rather than shoot at him.'"

#### Passiveness

Leif Carlstedt of the FOA was also present in Karlskrona. But he does not lay the blame on traits of kindness in the Swedish character.

"Most of the officers were not aggressive enough. And often they had no clear idea of what the whole thing was about."

They sent out patrols, but did not say what the patrols were supposed to do. And if a soldier does not know who the enemy is and what he is supposed to do with him, he becomes passive, not aggressive, said Carlstedt.

But the above was only a small part of the People and Defense Federation's symposium that was held at Rosenberg Castle north of Stockholm.

The symposium had attracted many people from civilian defense--both the voluntary groups and the official organization.

#### No Answer

But the big question in the concluding panel debate received no answer: "Can we cope with crisis, catastrophe, and war?" Neither yes nor no.

It seemed to be understood, however, that the question did not extend to nuclear war, which was not even mentioned until near the end of the second day, when Sven-Eric Frodin of the Civil Defense Board explained:

"We have concentrated on conventional warfare and on coping with a small part of a nuclear war."

And even a conventional war ought to please wait respectfully until civil defense's decentralized organization is ready and so on.

Although Lars Weisaet, the Norwegian researcher on war and disaster, said:

"We will cope much better than we think. And there are many indications that a nation's mental health improves in wartime."

11798

CSO: 3650/277

## BOFORS TO BE INVESTIGATED FOLLOWING ARMS SALES TO NEAR EAST

Stockholm DAGENS NYHETER in Swedish 1 Sep 84 p 8

[Article by Bo G. Andersson]

[Text] Orebro County Prosecutor Stig Age decided on Friday to begin a "preparatory" police investigation into alleged illegal arms exports by Bofors to Bahrain and the United Arab Emirates [UAE]. This will be the first time that police have investigated a suspected violation of the arms export regulations.

It was the Swedish Peace and Arbitration Association that initiated the investigation by filing a complaint with police in the middle of June this year.

The peace organization says that without proper permission, Bofors in Karlskoga exported 161 missiles and 14 sighting units worth a total of 30 million kronor to Bahrain in 1979 and 143 missiles and 13 sighting units worth 27 million kronor to the UAE in 1980. According to the complaint filed with police, the arms were sold through a firm in Singapore.

The entire Middle East is designated a "war zone" by the Swedish Government, meaning that Swedish firms may not export arms to that area.

## Two Names

At a meeting with the county public prosecutor earlier this week, the Swedish Peace and Arbitration Association provided the names of two Bofors technicians who it said had been sent to Bahrain and the UAE to install the missiles and train the buyers. The association also handed over a daybook number for an internal Bofors document that allegedly makes the connection between the Singapore firm and the two Arab countries clear.

What the Orebro police and county public prosecutor are now doing can be compared to ordinary investigation work. So far, no decision has been made to begin a formal preliminary investigation.

First of all, representatives of the Swedish Peace and Arbitration Association, the two Bofors technicians referred to above, and others will be questioned by police to obtain information.

It is also probable that the county public prosecutor will ask to see the Bofors documents in question.

If, after that introductory phase, it is still suspected that illegal arms exports have taken place, the formal preliminary investigation will begin.

At that point, the county public prosecutor will be faced with at least one delicate decision. Should Claes-Ulrik Winberg, managing director of Bofors and newly appointed chairman of the SAF [Swedish Employers' Confederation], be formally regarded as the one responsible for the suspected arms trade? Or should the project managers be the ones backed up against the wall?

If the county public prosecutor decides to go after Claes-Ulrik Winberg, the latter will have to be charged with suspected goods smuggling.

In serious cases, the penalty for such an offense is imprisonment for between 6 months and 6 years.

Tomas Magnusson, chairman of the Swedish Peace and Arbitration Association, says: "There is no evidence in the documents at our disposal that Managing Director Claes-Ulrik Winberg was aware of the arms smuggling.

"On the other hand, we have a list of 32 other people at Bofors who knew that the missiles had been sent on from Singapore to the two Arab countries."

If the "preparatory" investigation does not lead to a preliminary investigation, the Swedish Peace and Arbitration Association will appeal to the chief state prosecutor.

Tomas Magnusson says: "We had several jurists study our material. They all feel that it ought to be grounds for prosecution."

11798

CSO: 3650/277



## FOREIGN TRADE MINISTER LAINE ON SOVIET TIES, NUCLEAR POWER

Helsinki HELSINGIN SANOMAT in Finnish 28 Aug 84 p 23

[Interview with Foreign Trade Minister Jermu Laine, by correspondent Kalle Heiskanen; Jyvaskyla, 15 August 1984]

[Text] A shocking piece of news for commerce and industry. Foreign Trade Minister Jermu Laine criticizes industry of promoting its own interests in the Finnish-Soviet Economic Commission. Industry leaders are hastening to mount a defensive attack and assure that they are rising above their own interests in this matter. Even the prime minister had a comment.

"Industry is sensitive in this matter and has read the newspaper articles on an undelivered speech," states Minister Laine almost 2 weeks later.

Huh.

Everything went as the political editors have frequently suspected at the Soviet trade seminar held in Jyvaskyla on 15 August:

The editorial offices were distributed an abridged version of the speech, at the end of which the minister accuses the political parties and the business world of an excessive enthusiasm in striving to become part of the economic commission. At the news conference itself in Jyvaskyla the minister speaks freely and does not present any criticism of the review of his speech. The discussion is initiated on the basis of the abridged version.

[Question] Minister Jermu Laine, could you not have announced that the speech was not delivered in an abridged form and that an animated debate on an undelivered speech would not have occurred.

[Answer] Yes, admits Minister Laine, but tells about yet another event which aggravated the situation. Television and radio were waiting at the Jyvaskyla Airport. Since there was a significant news event that day or Martti Vainio's press conference at his vacation village, the television people asked in advance how Minister Laine would comment on his speech to be delivered later.

Helge Haavisto and high-level officials of the Foreign Ministry were at the event itself. Everyone was satisfied with my extemporaneous speech for

opening up new points of view in trade between Finland and the Soviet Union, assures Minister Laine.

#### "I Have Tried to Issue Warnings"

[Question] All in all, Laine has been in the public eye more than usual in the last few weeks. Have you raised your profile?

[Answer] Not intentionally. I have only tried to issue warnings now that things are going surprisingly well and there are reliable prospects until the end of the decade in the general agreement on trade with the East. However, it is not suitable for business to imagine that it can now bask in the sun and thus waste the current years of challenge. I have attempted to clarify what strategy will work in the next decade.

Laine denies that he is aiming at a possible government adjustment after the elections. He does not even believe that any major regulations are in the offing.

One of Laine's strategies is that in the next decade trade with the East will no longer be the same kind of producer of growth it has been so far. Even filling the economic commission with party leaders will not be of any help in this matter.

[Question] But is it more important that the chairman of the SKP [Finnish Communist Party] than the chairman of the Conservative Party be in the commission?

[Answer] It is not important that either one be in the commission, states Laine and points out that even Saarinen was not appointed to the commission when he was chairman of the SKP. Saarinen became a party leader after the selection of the commission and thereafter it was imagined that the SKP chairman represents the Communist Party.

I do not believe that even Saarinen himself imagined his successor would be the chairman of the SKP, thinks Laine.

#### "I Can Contemplate These Visions"

[Question] You took a rather definite stand on behalf of a fifth nuclear power plant. Did you extend your hand to Finnish industrial circles or to the Soviet Union?

[Answer] Indeed, it was not to the nuclear power plant, but I kept the discussion going. It is important to consider that in 1990 we should have the most comprehensive possible energy package. We must discuss the way in which Finland can produce a lot of inexpensive electricity that is not detrimental to the environment. Information about development work in the Soviet Union with respect to safety makes one ever more convinced that we can seriously discuss a fifth nuclear power plant.

[Question] Your party chairman, however, has not yet wanted to take a stand?

[Answer] I can understand that the prime minister cannot publicly declare that the final outcome will be while the issue is still under consideration. But it would not be responsible if those who have a vantage point such as I have remain silent.

[Question] Support for a nuclear power plant is an act for which you are being praised by the bourgeoisie. Is there reason to be concerned?

From time to time such warnings are given. I am because of my age and perhaps even otherwise in a position that I do not need to give any consideration to praise or criticism from whatever quarter it may come. There is room to contemplate these visions regardless of which quarter at any given time considers them to be good or bad.

It is regrettable that the attention span of politicians is this day and the next elections at the most, as a certain Japanese expert has noted.

#### No Policy Conflict With Lindblom

[Question] Contrary to Trade and Industry Minister Seppo Lindblom, you support the entry of state-owned corporations into the stock exchange. Is there a policy conflict between you?

[Answer] No, one can say this with such certainty.

[Question] But you are of a different opinion?

[Answer] We are of the same opinion with respect to the fact that state-owned corporations need annual investments of 6 billion markkaa, of which the share of the increase in capital stock would be 10 percent. This cannot be extracted from the a corporation's distribution of increasing profits or from increasing budget funds.

Thus risk funding must be developed. It could even be a finance institution, such as KOP [National Shares Bank] and the Postal Bank, which have marketed the Outokumpu Corporation's partnership loans and grain futures. Entry into the stock exchange would be marginal, but it would, for example, improve Valmet's image in the world where the Americans are accusing it of dumping in the paper-making machine market.

[Question] Does not even a slight privatization of state-owned corporations go against the SDP's programs, in which additional socialism is being demanded in the pharmaceutical and medical industry?

[Answer] Perhaps you know these programs of the SDP very well. I will not clarify them any further. But the most ideologically tempting alternative is that Valmet, Outokumpu, and Rautaruukki will continue to function.

## "I Am Not Disqualified in the World"

[Question] In the raising of his profile in recent weeks Laine has also analyzed the management of state-owned corporations. The representatives of competing shipyards, for their part, have criticized Laine for giving preferential treatment to his own in the leadership of Valmet's board of directors. Are you disqualified?

[Answer] I do not believe I am in my management of trade policy in the world. For 2 years I have been talking about Wartsila's nuclear icebreakers or Rauma-Repola's arctic ships as if they were my own. And would it not be insulting to say that Minister Horn represents Wartsila in the economic commission.

When I am procuring an icebreaker in the Maritime Administration and the suppliers are Wartsila and Valmet, I am, naturally, disqualified.

Laine does not consider it necessary that the foreign trade minister resign his positions on the boards of various corporations. On the other hand, the position of the trade and industry minister is different since he must take a stand on questions concerning capital stock, for example, and must divide the pie among the various companies.

## "It Makes No Difference Whether the Bourgeoisie Praises or Berates"

An old saying of the workers' movement goes, 'if the bourgeoisie praises you, check to see whether you are in the wrong'. Foreign Trade Minister Jermu Laine has reason to smile as well as be concerned.

The minister himself believes that he is already in such a position that he need not think about whether he is being praised or berated.

Some industry leaders want a man who would be more colorful and quick-witted for extended trips abroad. The more critical suspect that if Laine had to sell the product himself, even processed wood products would be imported back to Finland.

Everyone remembers Laine's promises of enormous trade transactions. The envious thank that the minister cannot help but have a good time abroad, protocol makes sure of that.

Minister Laine revealed his normal work day on a quick trip to Nigeria on a Salora jet in the 1970's: "A 2-day trip in 30--40 degree heat in Nigeria entailing hurried visits from one office to another is not exactly my idea of a leisurely vacation for a minister."

The shipbuilders doubt Laine's impartiality in negotiating ship deals since he is on the board of directors of Valmet.

This in itself is not yet any reason for concern. But when the bourgeoisie praises Laine's nuclear power stands and hastens to support the entry of

state-owned corporations into the stock exchange, the other side of the saying of the workers' movement comes to mind.

Indeed, Laine was reminded of his background when the chief organ of the SDP issued a harsh condemnation of the minister's speech on state corporations. Surprising, astonishing, lamented DEMARI.

Jermu Laine's ministerial career began a full 10 years ago in the aftermath of the Zavidovo leak. After Jussi Linnamo was forced to resign, Prime Minister Kalevi Sorsa's political secretary became the foreign trade minister. Subsequently, Sorsa's compatriot was tax minister before his return to the post of foreign trade minister.

Laine's visible appearances of recent weeks have been interpreted to mean that he wants to be seen before any possible negotiations to fill positions in the government after the municipal elections.

The government's non-Socialists want to drive a wedge into the Social Democratic trade policy. The subject of attack is either Laine or Trade and Industry Minister Seppo Lindblom.

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CSO: 3617/218



## PECHINEY SEEKS MARKETS FOR ADVANCED ALUMINUM TECHNOLOGY

Paris LES ECHOS in French 27 Aug 84 p 7

[Article by Alix de Vogue: "Pechiney Wants to Put its Technology on the World Modernization Market"]

[Text] In the holy of holies of Pechiney, do not look for any seraphim! Four large electrolysis vessels and an enormous rolling crane in a blue and yellow building in the heart of the Maurienne. This is what the group is counting on to remain the world co-leader with Alcoa in the area of technology. Special peculiarity: those vessels function with a never before achieved intensity of 280,000 amps.

Nearly a century ago, Pechiney had missed THE revolution in terms of the manufacturing of aluminum by refusing to purchase a new electrolysis process patent. Since then, the company has tried to be a little more tuned in to innovations and its techniques have even become one of its trump cards: today, one vessel out of five in the world was conceived by the European number one.

Thus, over the last 30 years it has sold three successive generations: approximately 3,000 units of 100,000 amps Soderberg vessels perfected in the early fifties, and more than 3,000 precured anode vessels of 65,000 to 145,000 amps, which were developed in the mid-sixties.

Finally, as of 1980 the group has installed 2,000 automatic feeding vessels of 180,000 amps representing a capacity of 1 million tons, half of which it uses or will use at Saint-Jean-de-Maurienne, Becancour (Canada) and Tomago (Australia).

By thus taking a place on the world market of aluminum, Pechiney has earned some money: the foreign currency income tied to this activity (including royalties) represented 111 million francs in 1983 (68 million francs in profits) and 103 million francs (69 million francs in profits) in 1982. The size of the profits represents approximately 1 to 2 months of gross results of Pechiney Aluminum, estimates Michel Castera, its managing director, regular resources which are not negligible. As a matter of fact, at certain times (during the seventies) the benefits of technical assistance hid the problems of electrolysis. They produced a little euphoric push, whereas the operating results were barely balanced.

## Saint-Jean Display Window

Then Pechiney painfully realized that, in spite of the technological feats, its plants were falling behind in matters of cost price. In order to anchor (with stable parity data) the competitiveness of its position in the top third of the world, the group would have to obtain electricity rates at worst in the middle range.

In France, negotiations with EDF [French Electric Company] made it possible for Pechiney last year to obtain a first unit of 2 billion kilowatt/hours which will supply the renovated plant of Saint-Jean-de-Maurienne.

## Improve Competitiveness

Continued modernization in the Pyrenees will depend on the rates granted for the next two units (1.5 billion kilowatt/hours each), which, let us recall, must be released by 1 January 1985 and by 1 January 1986. The discussions concerning next year have still not been completed.

The capacity for electrolysis at Saint-Jean-de-Maurienne will be raised to 120,000 tons by September 1985, with the closing of old lines, the maintenance of 60 vessels of 180,000 amps representing a 27,000 ton capacity, and the achievement for the first time at the industrial level of 120 vessels of 280,000 amps producing approximately 90,000 tons. The remaining 3,000 tons come from the four prototypes at the LRF [Research Laboratory for Manufactured Products].

The French industry is several months ahead of Alcoa which has only just announced the construction of 280,000 amp lines at their Portland (Australia) location, which will be operational in 2½ years. Saint-Jean-de-Maurienne will keep its calling as a technological display window.

Pechiney intends to use this to take a position in the market for modernization of electrolysis plants. "The more we take on this problem, the more we are asked for." The group has already won the Lochaber contract in Great Britain over Alcoa (a 38,000 ton capacity for British Alcan) thanks to its "revamping" (modernization of existing units) approach. Austria, Iran, Egypt and Yugoslavia could provide outlets over the next few years. According to Michel Castera, one-third of the 150 plants in the world are too old to survive as is between now and the year 2000. They will have to close or be reorganized. But, the modernization of a plant costs approximately half a new plant. A substantial advantage. Because the size of the electrolysis units is growing following the growth of the amperage vital to gains in productivity. Thus, at 180,000 amps the maximum size of a plant is on the order of 220,000 tons. In order to maximize investment at 280,000 amps, it will be necessary to go to 300,000 tons.

Faced with increasingly high financial stakes (about \$3,000 has to be spent per ton), the producers have already been forced to adopt cooperative structures: Pechiney formed a partnership to build Tomago as well as Becancour, and Alcoa is allied with the government of the state of Victoria to build

Portland. Given the size of the new investments, modernization offers an alternative.

In addition, the current problem of many aluminum producers is first of all to improve their competitiveness rather than to increase their capacity.

As a matter of fact, last year world production (a little more than 14 million tons) exceeded consumption (11.9 million tons). The prospects for 1984 run in the same direction with a production increase of 14 percent as against a growth in demand of 3.8 percent.

In order to exploit that market, Pechiney is ready to consider cooperation agreements. It has already become associated with Air Industry (Saint-Gobain group) to solve the problems of the collection of fluor (the environment represents 10 percent of the investment cost for electrolysis). The group is looking for other associates and declares itself in favor of a less rigid commercial approach.

From 180,000 to 280,000 Amps

For 60 years now the producers of aluminum have increased the intensity of the current used for electrolysis. Thus Pechiney went from 40,000 amps in 1925 to 100,000 in 1950, to 130,000 in 1964, and to 180,000 in 1976. The current stage involves vessels of 280,000 amps.

This evolution was guided by the search for the lowest possible investment cost per ton of capacity. In fact, the intensity of the current determines the unit production of the vessels. In a plant with a given yearly capacity, an increase in the effectiveness of each vessel will make it possible to reduce their number and thus to limit the amount of the investment.

By going from 180,000 to 280,000 amps, the effect of size would, according to Pechiney, allow a gain of approximately 10 percent on the investment cost of electrolysis (aside from casting and electrode rooms). This effect of size also leads to a gain in the operating costs by reducing the consumption of energy by approximately 2 percent, by improving productivity and by reducing the maintenance cost of the equipment.

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## SIX PERCENT OF WORKING POPULACE WANTS TO START BUSINESSES

Paris LES ECHOS in French 24 Aug 84 p 4

[Text] Every year 115,000 enterprises are born in France. How does the creative urge occur? Where does it take root? Under what conditions does it end up withering? This was the content of the survey carried out during the first quarter of this year by ANPE [National Agency for the Creation of Enterprises] among potential creators.

What stands out at the end of this psychoanalysis of a 20 to 57 year old population (wage earners, unemployed or students)? Six percent of the French, or approximately 2.5 million individuals and 13 percent of the working population, already have a specific project in mind. The majority of them are men (60 percent), less than 35 years of age, living in big cities and mostly fitting into the category of white collar workers. A little less than one-third are cadres.

In their knapsacks they carry projects which primarily relate to commerce (39 percent) or services (25 percent). Why look somewhere else for something one already has? In three-quarters of the cases, the choice of sector is made in terms of the training or expertise of the future creator. However, a few daring individuals are ready to grasp an opportunity (23 percent) or express an attraction for a developing field (21 percent), which is not necessarily theirs.

As to the location for establishment, Paris and its region gathered the most votes, and then the western part of France.

## Small Is Beautiful

The population interviewed seems highly sensitized to personnel problems which could arise given the rigidity of French laws in case of a sudden drop in orders. Consequently, the planned businesses are most often small in size: 30 percent of those interested are thinking of starting alone, 29 percent with a single wage earner. In 8 percent of the cases they mention at least 5 employees.

As to the turnover of the future enterprise, three-quarters of the potential creators admit that they cannot formulate estimates in this regard.

Their ideas are more specific in terms of the capital structure. Thus, 28 percent of them want to be its sole owner, whereas 35 percent prefer forming a partnership, most often with a partner they already know and who is closely associated with them. Eighteen percent are thinking about taking out a loan. Overall, an association with one or more partners is thought to have more advantages (36 percent) than inconveniences (27 percent). If only because they constitute a good way to divide the responsibilities and the risks, specifically financial ones.

#### Need for Information

Thirteen percent of those interviewed know about companies with their own funds. But nearly half of them are not tempted to resort to them, primarily for fear of losing the ownership of their business.

Among the population questioned, more than one-third of the potential creators have already made contact with a body which is likely to provide them with information. However, nearly one-quarter of them do not know where to go to obtain administrative or financial information. Of the 53 percent who have taken steps in this direction, 33 percent stated that they received all the information wanted.

The most commonly consulted sources: chambers of commerce or guild chambers, financial bodies. The ANPE, which is known by 55 percent of those interviewed, has been contacted by only 5 percent of them however.

The most sought after elements of information: all those concerning the financial set up of the operation and the procedures to follow.

Overall, the candidate creators have a good knowledge of the formalities to be taken care of at the onset, but find them complicated in 24 percent of the cases. It should be noted that the CFE [Procedural Center for Enterprises] is known by only 11 percent of them.

Seventy-eight percent of them believe that one of the roles of the state is to help business creators. As to the forms this would take, there the responses are more vague. However, they can be grouped around a few major points: financial aid before or after creation, professional training and simplification of administrative procedures.

Other supporters considered by the potential creators are banks (31 percent), local bodies (16 percent) and finally existing enterprises (14 percent).

Measures which could constitute an encouragement to create include a reduction in operating, fiscal and social costs, and especially unemployment insurance for the creator, as well as the possibility of a special statute allowing the new enterprise to function without following all the procedures.



A large majority of the future creators are aware of the various forms of state support. But one out of every two feels that this support is hard to get and does not know very well where to apply.

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CS0: 3519/490

## SECOND QUARTER BALANCE OF PAYMENTS DEFICIT INCREASES

Paris LES ECHOS in French 23 Aug 84 p 2

[Article: "Current Payments: Deterioration During Second Quarter"]

[Text] During the second quarter of this year, the current payments of France, in figures adjusted for seasonal variations, registered a deficit of 8.3 billion francs as against 4.2 billion during the first quarter. The foreign trade imbalance is very close to the one recorded last quarter (minus 14.9 billion francs as against minus 15 billion in the first quarter). The surplus achieved by the service sector dropped from one quarter to the other, in the amount of 0.6 billion francs in gross figures and 6.4 billion in figures adjusted for seasonal variations.

In gross figures for the first 6 months of the year, the negative balance of current transactions reached 10,010 million francs as against 34,765 million during the first semester of 1983. The improvement is primarily the result of a drop in the trade deficit and of the significant increase in the surplus achieved by international trade operations, while the service sector shrunk slightly.

Let us underline the fact that during the second quarter of this year invisible trade showed a surplus of 1,317 million francs, a net drop compared to the corresponding quarter last year (6,158 million).

These overall figures hide a sound surplus for international trade operations (3,215 million francs), which is primarily attributable to operations in the oil sector.

As far as services tied to foreign trade are concerned, the deficit, which was set at 4,979 million francs, represents a net deterioration compared to the same quarter of last year (minus 1,475 million). This is an unfavorable slip which can be explained by the negative balance of the "incidental costs for goods and maritime transportation" which doubled, going respectively from 2,139 to 4,239 million francs and from 512 to 1,028 million. Similarly, the item "other transportation" has deteriorated, dropping from a surplus of 1,152 million francs to 784 million. Finally, the balance for "insurance" went from positive during the first quarter (11 million francs) to negative during the second quarter (496 million).

On the other hand, services tied to technology exchanges produced receipts which were 23 percent lower than those in the first quarter (7,402 million francs as against 9,645 million). The drop in orders in terms of the large contracts is starting to be felt.

In gross figures, major works show a drop in receipts of 415 million francs from one quarter to another. Those resulting from technical cooperation declined from 4,284 million francs to 3,627 million. Let us note that wage labor has returned to a level comparable to the average quarterly level of 1983 (624 million francs as against 577 million) following the boom of the three first months of the year (1,708 million francs).

Patents and fees show a net outflow of 1,089 million francs during the first quarter and of 967 million during the second quarter.

All these unfavorable developments have been compensated in part by the surplus in the balance of tourism which amounted to 6,064 million francs during the second quarter (over the period of a semester, the surplus reached 10,141 million francs). Let us also note that the receipts obtained from "foreign governments" reached 223 million francs for the quarter under study.

Furthermore, long term capital movements showed net income of 3,140 million francs (2,343 during the first quarter). Specifically, the net authorized loans correspond to capital income of 9,230 million francs, direct investments show a deficit of 210 million francs, and the item "Loans from and to Abroad" recorded a deficit of 2,330 million francs.

During the second quarter, the foreign monetary position improved by 3,920 million francs following a deterioration of 16,255 million francs.

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CSO: 3519/490

## CABINET AGREES TO TWO BILLION GUILDERS IN BUDGET CUTS

Rotterdam NRC HANDELSBLAD in Dutch 25 Aug 84 pp 1, 11

[Article by the socioeconomic editors: "Cabinet Cuts Almost Two Billion Extra in 1985. Requests of Finance Minister Ruling Almost Completely Complied With"]

[Text] The Hague, 25 August--The cabinet will cut close to two billion extra guilders from the budget next year, almost completely in accordance with the proposals of Finance Minister Ruling. Because of this, the budget deficit next year will be reduced by one percent to 9.7 percent of the national income. General reductions in gross wages and benefits can be avoided if the agreed-upon budget cuts are put into effect.

Shortly after midnight, Prime Minister Lubbers reported that the council of ministers had reached an agreement about the state budget for 1985. Next year, the government expenditures will be cut by about 11 billion guilders. In doing so, the cabinet relinquished its plan to cut nine billion next year.

The consensus was reached soon after the so-called "pentagon" in the cabinet, consisting of Prime Minister Lubbers and Finance Minister Ruling; Social Affairs Minister De Koning; Economic Affairs Minister Van Aardenne; and Domestic Affairs Minister Rietkerk, around 10 o'clock had agreed about the extra budget cuts.

According to Prime Minister Lubbers, the extra budget cuts signify a shift of emphasis which turns out to be somewhat to the cost of the citizens. For example, the earlier announced fiscal "labor bonus" of 600 guilders per worker will turn out to be somewhat lower because of unexpectedly higher costs. But lower taxes are nevertheless probable next year, said Lubbers. Perhaps there will be somewhat more unfavorable [social security] payments for employees, but according to Lubbers, what are concerned are marginal increases, so that the purchasing power still will improve next year.

That is why the cabinet sees room to save on items such as the one-time benefit for "real minimum wage earners" and the individual rent subsidy. Only the people, who for several years have had to make do with minimum wage only, get purchasing power support in 1985.

"The development of the taxes and the social security payments is making employment conditions possible, in which a further redistribution of work can come into its own", the prime minister thinks. If the price increase compensation [in wages and benefits] is abandoned, a clear improvement of the purchasing power will still come about for the modal employee, he explained. Lubbers did not say how much that will be. He pointed out that the Central Planning Bureau still has to calculate the consequences of the measures.

According to Lubbers, the earlier agreed-upon employment effort will be accomplished "for 97 percent". What is concerned is 400 to 500 million in measures. There has been mutual "patching" in the cabinet for the sake of the fight against unemployment, Lubbers said. "Open" items, such as Development Cooperation, are no longer there, according to him. "Provided that the agreed-upon cuts are being filled in, generic reductions in government salaries and social security benefits can be avoided", he made clear. Minister Ruding had earlier this week pronounced himself to be in favor of general gross decreases in these income.

According to Lubbers, nothing will change in this respect for government employees and those whose income follows the trend of the civil service salaries. The budget cuts would then possibly not extend any further than the already announced interventions in pensions and sickness and unemployment benefits.

Business gets a relief of tax burdens to the amount of 1.5 billion guilders, but the cabinet definitively structured this differently. A further decrease of the corporation tax will not take place. "Only a limited part" of the relief will go to the entrepreneurs in a fiscal form. The emphasis is on lower social security payments for the employers. According to Lubbers, that is possible without impairing the purchasing power, which would be caused by the improved picture of the development of unemployment.

At stake in the deliberation was to "improve the somewhat meager decrease of the budget deficit". According to Lubbers, a further decrease with 0.4 percent of the national income comes about, in comparison to results of the CPB [Central Planning Bureau]. The Central Planning Bureau recently calculated a deficit of 10.1 percent, assuming about 9 billion guilders in budget cuts.

"I think we will end up quite close to a budget deficit which is one percent lower", Lubbers said under the reservation that calculations were still to come. With that, the government deficit will amount to 9.7 percent of the national income. According to Lubbers, that decline is only



to a limited extent a consequence of extra changes in the trends of budget items. Especially shifts in the domain of taxes and social security payments are to bring down the deficit.

Chairman De Vries of the CDA [Christian Democratic Appeal] delegation in the [Dutch] House of Representatives is "satisfied" with the accomplished agreement. "If only there will not be generic reductions again", his delegation was thinking as the cabinet discussion began last Friday. But that has not happened, and the government employees will not get lower purchasing power, either, De Vries says. The CDA accepts that government employees fall behind of business employees in purchasing power, and also that those who are entitled to benefits above minimum wage get worse off. "The choice was, if you want to spare the minimum you have to go and get it from those above minimum wage", was the comment of De Vries.

Chairman of the VVD [People's Party for Freedom and Democracy] delegation Nijpels showed himself to be satisfied with the budget agreement: "The budget is in its main lines in accordance with that which the VVD thought necessary in view of the financial position of the country". "The cabinet fortunately did not succumb to the temptation to put the problems of  $\tilde{c}$ ", said Nijpels.

12568

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## OFFICIAL STUDY INVESTIGATES SPAIN'S 'BLACK' ECONOMY

Madrid DIARIO 16 in Spanish 14 Aug 84 p 11

[Article by Carlos M. Vazquez: "Construction, Manufacturing and Trade, Leaders in the Hidden Economy"]

[Text] Madrid--The government is determined to air the dirty linen of the hidden economy. The first official report on this fraud represents the first step of an offensive against the production sectors that are outside any labor legislation and whose business and individual income is not recorded in national accounts. According to this report based on a sample of 20,000 people, construction, manufacturing, trade and services lead the sectors while Galicia, Andalusia and Catalonia are the regions most affected.

There is a study done by a public organization on the hidden economy. INEM [expansion unknown] has just published a study entitled "The hidden economy" based on a survey of about 20,000 people. It revealed that the sectors of construction, manufacturing, trade and services are the sectors most affected. Galicia, Andalusia and Catalonia are the areas in which this fraud occurs most often.

The administration, through this report, considers as "hidden" economy any productive activity of goods or services resulting from paid work that is outside any labor legislation, not controlled by appropriate employment organizations and whose business and individual income is not recorded in national accounts.

Concern about the hidden economy has been the subject of several government statements. The president himself on one occasion expressed his concern about the fact that almost 25 percent of the economic activity is hidden. The president recently held a press conference after a meeting in Moncloa with the intermediaries who negotiate economic and social agreements. He said that the government is going to expend a great effort in order to bring the hidden economy to light. "It escapes no one. Everyone knows about home activities such as automobile repair shops that operate without the corresponding license and other types of activities."

## Unemployed

The INEM study concludes that as unemployment grows, the hidden economy activities increase. Therefore, this hidden activity is inserting erroneous elements into the surveys of the active population since the real number of unemployed does not correspond to official statistics, precisely because of this hidden economy.

This situation is very important for the national economy. To give an example that the study includes, about 30 percent of the exports of the footwear sector comes from hidden economy production. Another fact that can give an idea of the magnitude of the hidden economy is the consumption of electrical energy. It is a contradiction that as the activities of industrial enterprises have decreased because of closings, suspension of payments, etc., the national consumption of electrical energy has increased 5.4 percent according to data provided by the CEOE [Spanish Confederation of Business Organizations].

Another sector in crisis, toy production, mainly affects the Levantine area and has about 20 percent functioning as hidden economy. The same situation occurs in the construction sector where there is the paradox that the number of workers recorded in the Social Security offices as self-employed workers has increased in this sector. There are many cases in which the businessmen prefer to hire self-employed workers so they do not have to pay Social Security on them.

## Sectors

INEM through the Assistant Office of Employment Loans was the primary organism to carry out this preliminary evaluation of the situation of the hidden economy by sectors and territories.

The economic sector most affected, according to this study, is construction where it is estimated that 24 percent of its activities are based on the hidden economy. The manufacturing sector follows with 20.2 percent hidden activity and then trade and services with a percentage of 18.01.

Construction, the leading sector in this matter, takes advantage of the low level of skill needed for certain jobs. Thus there is high turnover of workers, many of them coming from rural areas. Other sectors like leather processing and clothing, followed by domestic and hotel service personnel, have the identical situation. As to size of enterprises, the highest levels of the hidden economy usually occur in enterprises with less than 25 workers. As the size of the enterprises increases, usually the percentage in the hidden economy decreases.

As to geographical location, the INEM study indicates Galicia, part of the province of Barcelona, Lerida, Caceres, Sevilla and Cordoba as the areas most affected. The provinces where there is a lower rate of hidden economy than the national average are Segovia, Vizcaya, Navarra, Santander, Zamora and Huesca.

7717

CSO: 3548/325

## PSOE BLAMED FOR FAILURE TO STIMULATE JOB MARKET

Madrid YA in Spanish 29 Aug 84 p 5

[Editorial]

[Text] Government, businessmen, unions, and of course, everyone they represent all agree--and this is unique in the history of social cooperation talks--on the urgent need to create jobs. How and by whom these jobs are to be generated is something else. According to the secretary of Union Action of the UGT [General Union of Workers], Jose Luis Corcuera, the responsibility for achieving this goal falls on businessmen. This is a half truth, and a view shared by many government officials, a way of discharging a duty which is also theirs, as managers of the public's well-being. Didn't the PSOE, when it was the opposition party, say that public investments should be the driving force to break through the passivity of private investment, to create a climate of confidence and set an example of labor dynamism? What is happening now with the public sector, submerged in investment apathy and bogged down in a sector reconversion--undoubtedly necessary, but without alternatives for the workplaces amortized? A few days ago we published some data on the real investments ordered during the first half of this year. Indeed, in the section on investments, "savings" were no less than 10.8 percent, while the total spending increased by 32.2 percent over the same 6-month period of 1983. An investment loss of 13 billion pesetas in the public sector does not set a good example for private investment. The businessman should be offered a clear and profitable context for investment: a suitable social climate, which has not always been the case in recent years, despite the efforts--recent, quite logically--of the socialist government and of its president in a special way, to rehabilitate the much-maligned image of the businessman. The businessman needs to know the outlines of the government's economic policy, at least for the short and midterm. He doesn't even know it for next year! The businessman has to be able to

operate in the context of a coherent credit policy. It is not sufficient to lower interest rates, almost symbolically, if very high inflation continues to absorb the decline in interest rates, if the state itself makes money more expensive by paying very high interest on its public issues, or if the credit agencies balk and hold onto high levels to offset the reserves that the government deducts in the form of constantly growing cash liquidity requirements. This means that there are partial incentives, but taken as a whole, the formulas used to stimulate jobs lack imagination and are unable to inspire the confidence needed to force investment and to create jobs through this increased investment. And this is too bad, because there are some positive indicators on the course of the economy, and the creation of jobs, aside from being a social necessity, would dynamize those signs.

We also have to recognize that any given measure, which may be good objectively, is not sufficient if the overall conditions are not right. That is the case with the flexibility introduced in the labor market. In this area the government has gone beyond its own program; and something similar is happening with the incentives for first jobs, with the training and part-time contracts. So long as the government can not present a complete economic model and stimulate it by its own example, it is going to be hard to reinvigorate the labor market. And one thing which is clear is that, with or without an economic and social agreement, job creation is urgent. And that is exactly what is not happening.

In April 1981, Mitterrand, speaking at the gates of the Elysee, proclaimed: "My model for society is employment." Now, 3 years later, France has 640,000 more people out of work, a figure similar to those Giscard d'Estaing had during his 7-year presidential term. The PSOE had also set jobs as a top-priority plank in its platform. We don't need to repeat the promises that have been made. A year and a half after taking office, the Socialist Party has to admit that there are 600,000 more people out of work. The same results, though brought about through different economic policies.

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## EXODUS OF SPANISH LABOR TO FRENCH VINEYARDS

Madrid DIARIO 16 in Spanish 14 Aug 84 p 13

[Article by Jose A. Sanchez: "Grape Harvest, History of an Annual Exodus in Search of Work"]

[Text] Madrid--Already the preparations have begun. Every year thousands of Spaniards prepare to travel to France, not exactly for vacation. About 60,000 workers from Andalusia, Valencia, Extremadura, Murcia and La Mancha towns will cross the Spanish border to pick grapes from French vines. It is a grape harvest that is repeated year after year. They will have a month of hard work to obtain savings that rarely surpass 50,000 pesetas. It is the history of an exodus in search of work.

It is a history that is repeated year after year with identical protagonists and the same scenarios. At the end of August when hundreds of thousands of Spaniards return to their homes after their summer vacations, many other thousands of families undertake a long uncomfortable trip whose destination means intensive and hard work.

More than 60,000 people will go outside our borders this year to work on the French grape harvest. Their only objective is to obtain savings that rarely surpass 50,000 pesetas.

Every year many trains pick up entire families who leave their homes for a month in search of work. The towns of Andalusia, Murcia, Valencia and La Mancha become deserted.

Scenes are repeated. The nervous and impatient throng will crowd on the platforms to get a seat on the train that, in the style of the Old West, will transport them to the neighboring country.

Men and women will be carrying enormous bundles and packages, cardboard boxes of beans, rice, lentils, oil and many other unperishable foods to supply themselves during the harvest.

## Nightmare

There will be 3 weeks or at the most 4 weeks of hard work, 8 hours a day. In most cases, there will be overtime paid at 25 percent more than normal.

From sunup until sundown, these thousands of men, women and in many cases children will keep their bodies bent. When night comes, their painful backs turn into a brutal nightmare that will prevent them from falling asleep.

However, the great majority of these harvesters are grateful. They have found a secure job and that is what they want. Lack of employment in their land forces them to consider all this upheaval unimportant. They sell their cheap manpower at bargain prices to the French employers.

They arrive with the urgent need to pick more and more tons of ripe grapes, especially when they do piece work. Time and again they travel the immense rectangles of vines cutting bunches by hand without stopping.

The Andalusians represent almost 50 percent of all the migrant workers who go to the French grape harvest. That is why this land has the saddest stories. When the trains start up, the Andalusian workers cry inside and feel angry. On their 2-day trip to France to pick grapes, they see many unworked vineyards in Spain.

## Exodus

This is the history of an exodus that goes back to the 1950's. Actually, after World War I a good number of Spanish harvesters went to France to pick grapes in that land. They were the so-called "seasonal" or temporary workers.

Those were other times. The veterans now recall the inhuman conditions under which they lived. The trip then was an adventure because the time of departure was always known but never the day of arrival. The trip could last 4 or 5 days. Their arrival in the neighboring country was not even guaranteed.

As they neared the border, the "calvary" began in Irun. A small group of French doctors waited for the temporary workers in order to examine them. The men were separated from the women, undressed and then waited impatiently for the decisive moment. Frightened, nervous and tired, they appeared before examiners, the sick ones were rejected. This was a frequent trauma. The family that, although crowded, had managed to arrive together at the gates of their destination had to be separated. Those who had not passed the medical examination had to return to their homes.

As we said, those were other times. Things have changed now. Medical tests are done at the place of origin. Before leaving, the Social Security doctors will present a certificate to each harvester certifying his good health.

The hiring system has also improved substantially. The French employer hires the harvesters from one year to the next through a team chief he has appointed. When this time approaches and the grapes begin to ripen, the team chief sends

the employer a list of his group that usually consists of members of his own family.

The owner of the farm will send all the data to the ONI [French Immigration Office] so that the contracts can be signed in the provincial offices of the IEE [Spanish Emigration Office]-ONI. The final lists include specifics about the nature of the work and the wage, hours, room and board conditions.

In spite of the enormous effort by the Spanish Emigration Office to improve the conditions of this large group of temporary workers, year after year their number is reduced as a result of mechanization of the harvest.

#### Wages

There is also deficient transportation in our Renfe cars that lack the most basic conditions. Lodging continues to be a good test of survival.

Wages are "another kettle of fish." The fixed minimum wage in France as of 1 July is 23.84 francs per hour (some 450 pesetas). A work week will be 39 hours. Overtime pay will be 25 percent for the 40th hour to the 47th, inclusive, and 50 percent from 48 hours on. After deducting room and board expenses that can reach 35,000 pesetas per month, the Spaniards can return with 50,000 pesetas in their pockets.

This figure is only surpassed by those groups that do piece work. The more I pick, the more I earn. They work their fingers to the bone. If a group of five people manages to pick some 12 or 13 tons per day, they will take home 5,000 pesetas per day.

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CSO: 3548/325

## COUNTRY'S INEXPENSIVE ELECTRICITY AIDING ECONOMY

Helsinki HELSINGIN SANOMAT in Finnish 5 Sep 84 p 5

[Article: "International Comparison: Finns Using Cheap Electricity"]

[Text] In Finland electricity is inexpensive compared to other countries in all user groups, and in the last 3 years the price of electricity for household use in Europe has decreased the most in Finland. This was the conclusion reached by the Finnish Association of Electric Power Companies on Tuesday in Finlandia House where Unipede, an international association of electric power companies, held a conference.

Only households in Sweden and Norway obtain cheaper electricity than Finnish households according to the comparative list compiled by the Association of Electric Power Companies.

The most expensive household electricity is in Belgium, Italy, France, and Holland according to the statistics. A household using 3,500 kilowatt-hours annually was adopted as the measure.

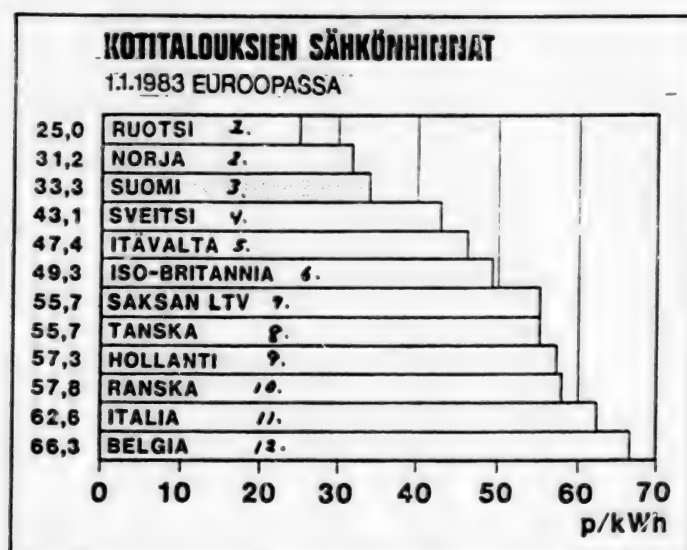
In addition to Finland, the absolute price of electricity has decreased in Austria, Holland, and West Germany, and in real prices in many other countries, or the price of electricity has increased at a slower rate than consumer prices.

#### Inexpensive for Industry Also

The comparison list also shows that electricity in Finland for industrial use is less expensive than in Europe, however, more expensive for large users or large industry than for small users.

Electricity for industrial use is the most inexpensive also in Sweden and Norway. Finland is third according to the statistics with respect to small consumers, but France has more economical prices in the category of large consumers.

The price of electricity for industrial use has increased everywhere except in Finland and Holland since 1980, state the statistics.



Household Electricity Prices in Europe  
1 January 1983

Key:

- |                  |                                |
|------------------|--------------------------------|
| 1. Sweden        | 7. Federal Republic of Germany |
| 2. Norway        | 8. Denmark                     |
| 3. Finland       | 9. Holland                     |
| 4. Switzerland   | 10. France                     |
| 5. Austria       | 11. Italy                      |
| 6. Great Britain | 12. Belgium                    |

Managing Director Tapio Kunnas of the Association of Electric Power Companies considers that the statistics indisputably demonstrate that electricity in Finland is not expensive even though allegations to this effect are frequently made. Indeed, electricity for large industrial users is more expensive than for other industry in relation to the most important competing countries, Sweden and Norway, which in the opinion of Kunnas "is, naturally, lamentable considering the fact that this affects the forest industry, an industry that is vital to us".

On Tuesday Kunnas also wanted to refute the allegation that the price of electric heating in Finland is exceptionally favorable. This is not the case according to him, but even its pricing is determined according to international practice. Even elsewhere inexpensive nighttime electricity is used in electric heating.

Slight Taxation

It also becomes evident from the statistics that household electricity is taxed at a lower rate in Finland, elsewhere the tax is generally higher. General international practice is that no tax is collected from electricity for industrial use, the same holds true in Finland.



According to Kunnas, the price of electricity for household as well as industrial use has been decreasing, but this trend has not been the same throughout the whole country since there are differences between the electric companies.

Why is the price of electricity in Europe clearly the most favorable in Sweden? Lennart Lundberg, who was attending the conference, assumed the reason to be a favorable production structure, the majority of the electricity being produced by hydro- and nuclear power.

Sweden, according to Lundberg, possesses good opportunities for keeping the price reasonable since there is still unused hydropower capacity in Sweden. But if it cannot be harnessed, Sweden will have to resort to the use of coal since the construction of additional nuclear power plants is out of the question. "Coal as an energy source would radically raise the price of electricity in Sweden," stated Lundberg.

More than 300 experts from 30 countries are participating in the 3-day conference in Finlandia House. Electricity tariffs make up the theme of the conference. The previous Unipede conference was held in 1975 in Madrid.

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## NESTE CHIEF SYMPATHETIC TO SOVIET CRITICISM ON OIL REEXPORTS

Helsinki HELSINGIN SANOMAT in Finnish 5 Sep 84 p 34

[Article: "Ihamuotila Understands Soviet Criticism"]

[Text] Neste, the state-owned oil company, understands Soyuznefteeksport [All-Union Association for the Export and Import of Petroleum and Petroleum Products] General Director Vladimir P. Morozov's criticism of the reexporting of Soviet oil through Finland to Western Europe.

"Reexporting has been accomplished as an exceptional measure, which was aimed at balancing trade between Finland and the Soviet Union. The matter will probably be examined in this way in the future also," says Neste's Managing Director Jaakko Ihamuotila.

General Director Vladimir P. Morozov of Soyuznefteeksport criticized the re-exporting of Soviet oil through Finland to the world's markets in connection with the 50th anniversary celebrations of Teboil on Monday.

"We do not want to create such a situation in which we are delivering to Neste excess oil, which will compete with our oil in Europe. Our obligation is only to satisfy Finland's needs," stated Morozov.

"We will do what we can in order to limit reexporting in the future," noted Morozov.

Soyuznefteeksport, which is directed by Morozov, is the Soviet Union's oil marketing firm. It is Neste's most important trading partner and sells Finnish firms 8 million tons of crude oil annually.

Soyuznefteeksport owns Teboil, which markets petroleum products in Finland, and Suomen Petrooli [Finnish Petrol], which handles the importing of light and heavy fuel oils from the Soviet Union. Approximately 2.5 million tons of ready-made products are shipped annually.

In addition to domestic need, Neste has purchased so-called trading-oil from Soyuznefteeksport, which it has marketed to Western markets. Trading-oil has been used in an attempt to balance trade between Finland and the Soviet Union.

Last year Neste delivered 1.3 million tons of Soviet oil to third-party countries.

In the initial phase of the trading-transactions conflicts arose between Neste and Soyuznefteeksport over the fact that the Finnish firm was selling oil in the Soviet Union's traditional markets. Since then Neste has been able to redirect trade in such a way that Soviet oil shipments do not compete for the same clients.

Neste's Managing Director Jaakko Ihamuotila proposes an increase in domestic consumption as a solution to this problem. "Otherwise, there is a danger that reduced oil consumption will result in a reduction of trade with the East," he says.

Teboil's General Director Nikolay Markov's view of the promotion of Finnish exports differs from Ihamuotila's understanding. Markov emphasizes that the importing of ready-made petroleum products, in particular, will help exports. In his opinion, the import activities of Teboil and Suomen Petrooli are not detrimental to Neste.

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## EDF PROMOTES BENEFITS OF LOW COST NUCLEAR ENERGY

Paris LIBERATION in French 23 Aug 84 p 7

[Article by Jeanne Villeneuve]

[Text] Nuclear power stations are beginning to operate at full capacity. To sell this energy, the EDF [French Electricity Company] is trying to convince manufacturers of the benefits of all-electric plants, in particular by offering them rate adjustments.

In the battle to be competitive, France reportedly has a device for winning: nuclear electric power. At least this is the message that EDF officials and all professionals concerned are trying to get across to manufacturers. Awaited since DeGaulle's launching of the nuclear energy program, according to them this hidden treasure is only now emerging.

The EDF explains that the outfitting plan is in the process of being completed and power stations are steadily reaching normal operating capacity: "The availability rate of power stations of more than 900 megawatts was 76.6 percent during the last 12 months." Clearly, according to statistics, nuclear power is beginning to work. The sector's professionals immediately retort: "And it must produce a profit." "Manufacturers must understand," explains Pierre Peaucelle, president of SERCE (Association of Contractors of Power Station Networks and Electrical Industrial Equipment), "that they will be able to get cheaper energy reliably over a long period." According to him, "the EDF can make commitments regarding prices: the investment costs of nuclear energy are very high, but operating costs are nil apart from amortization expenses.... For French industry," he continues, "this is an historic chance."

His argument is simple: cheaper electricity will enable manufacturers to reduce their energy costs by as much, but this can also be their opportunity to rethink their production processes while giving greater consideration to such energy. Electricity would go hand in hand with modernization.

Manufacturers respond with a grain of skepticism to this idyllic picture. Thus far the EDF has not demonstrated any willingness to moderate its rates.... Moreover, its ability to maintain the aforementioned rates in constant francs, or even to reduce them, is doubtful as a result of its indebtedness. The public

corporation's 200-billion-franc debt and the sizable portion contracted in foreign currencies (44 percent) have caused many people to say that nuclear energy will never be cheap in France, simply because they will continue to pay for it in dollars (repayment and interest) in the future. The EDF's financial burden--22 billion francs in 1983, or nearly one-fourth of its sales of 100 million francs--supports this view.

"Not at all," the EDF replies. With regard to the debt in foreign currencies, first of all, officials explain that of the average cost per kilowatt-hour, the foreign currency portion is only 15 percent, of which 7 percent is for purchases of imported fuels (oil and coal) and 8 percent for the financial expense in foreign currencies.

Regarding the total debt (francs and foreign currencies), it should no longer increase in the same proportions. Proof of this is that borrowing to finance operations in 1984 will only be about 27.4 billion francs, as opposed to 37.4 billion in 1983 (of which 34 percent was in foreign currencies). This decline is explained by the increase in self-financing (as a result of the power plants being put into operation), which now supplies 48 percent of financial needs as opposed to 38 percent before.

At the same time, the public corporation is continuing its efforts to have the debt rescheduled to reduce its cost. The EDF is thus on the verge of contracting a \$500-million loan on the Euromarket, corresponding to an immediate income of \$156 billion [as published], which will not be added to the total debt but will be used to repay other loans that are more costly in terms of interest rates.

Moreover, since electricity consumption is rising (+7 percent for the first 7 months of the year), particularly in industry, the EDF has not hesitated to reiterate its goal of returning to a balanced budget in 1984. Despite the dollar's rise: a 10-centime increase in the greenback's value represents a cost of 200 million francs to the EDF, which had made its initial 1984 estimates on the basis of a 7.50-franc dollar (the exchange rate is now 8.88 francs). According to the EDF, everything is therefore happening for the best in the best of all electrical worlds, and manufacturers should be fully informed of this after the vacation period is over.

To overcome any remaining hesitations, the EDF is also offering them very special, very adjusted rates. In order to be as inexpensive as possible, a nuclear power station must be fully utilized. During the three months of winter, when consumption is at a peak, this is no problem. But the plant's operation must be regulated for the rest of the year. Thus the idea of granting year-round rates to manufacturers who agree to reduce their consumption in winter by using, for example, another form of energy during that period. To help them to outfit their plants as a result and considering their financial problems, electricity promoters have even gone so far as to devise clever 2-year leasing agreements with financial organizations. The rates for leasing the equipment would be paid only during the 9 months of inexpensive electricity. Some financial organizations are even willing to take the risk of breakdown or to provide a guarantee to take back the equipment in the event of failure.

Now what if manufacturers are still skeptical after all that!!



## CRITICALITY FOR REACTORS AT CRUAS, GRAVELINES, PALUEL-2

Paris NUCLELEC in French 22 Aug 84 p 2

[Text] IV. Nuclear Power Stations/France

Green Light for CRUAS 2

The EDF [French Electricity Company] was given the go-ahead for making the second unit of the CRUAS nuclear power station, in the Ardeche, critical by the supervising Ministry for Industrial Reorganization and Foreign Trade.

The CRUAS power station, on the banks of the Rhone River, includes a total of four 880-megawatt units.

Start-up tests are continuing for the third unit.

V. Nuclear Power Stations/ France

Criticality of Fifth Unit

The reactor of the fifth unit of the GRAVELINES power station, in the Nord Department, was rendered critical on 5 August. This unit is scheduled for connection to the network in September.

The GRAVELINES power station was initially to have only four 900-megawatt units, but the decision was later made to add two more units of the same capacity and works for expanding the site began in 1979.

The sixth and final unit is scheduled to be put into service in the middle of next year.

VI. Nuclear Power Stations/France

Criticality of PALUEL-2

The reactor of the second unit of the PALUEL nuclear power station in Seine-Maritime Department was rendered critical on 11 August.

It is the EDF's second 1,300-megawatt reactor.

The first unit was connected to the network on 22 June and its power is gradually being increased. Nominal power should be reached in September.

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